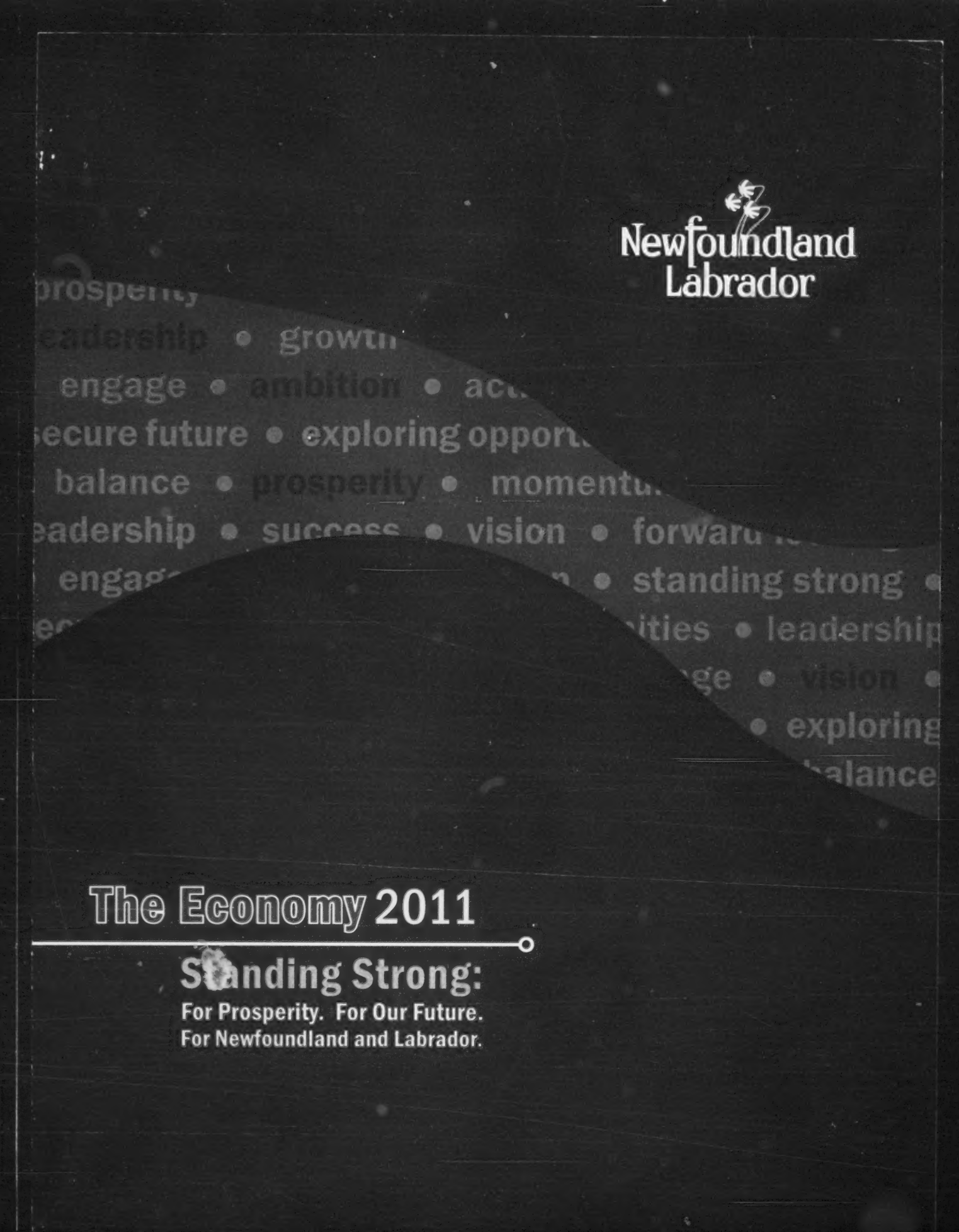

The Economy 2011

Standing Strong:

For Prosperity. For Our Future.
For Newfoundland and Labrador.

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Newfoundland Labrador

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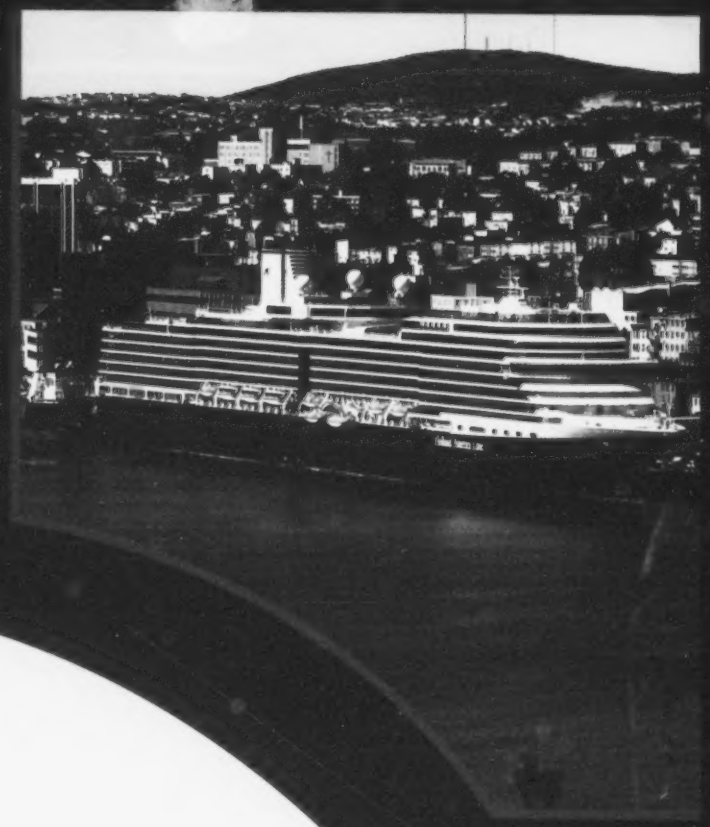
Highlights and Expectations



Cruise ship in St. John's Harbour (Dept. of Finance)

2010 Highlights

Economic growth in Newfoundland and Labrador resumed in 2010. Real Gross Domestic Product (GDP) is estimated to have grown by 5.6%, fuelled by investment growth and a rebound in exports.

Real GDP growth in Newfoundland and Labrador was the highest among provinces.

Investment grew by 32% to over $6.5 billion, due in large part to development of major projects but also aided by public sector infrastructure spending.

Real exports are estimated to have increased by about 4% due to a significant boost in mineral (particularly iron ore) output and slightly higher oil production.

Employment grew by 3.3% to reach 219,400, recouping the losses experienced during the 2009 recession. This marks the shortest recovery in employment from a recession since at least the 1970s.

Employment growth in the province was the highest among provinces and was more than double the national rate of growth.

The unemployment rate declined by 1.1 percentage points to 14.4%.

Average weekly wages grew by 4.5% supported by increases in the minimum wage, public sector wage increases and general wage growth in the private sector.

Personal income rose by 4.2% due to both wage gains and employment growth. Personal disposable income grew by 4.1%.

Retail sales grew by 3.7% to $7.4 billion, driven by employment and income gains and solid consumer confidence.

The province's population stood at 509,739 as of July 1, 2010, an increase of 0.3% compared with July 1, 2009. This marked the second consecutive year of population gains after 16 years of decline.

Inflation averaged 2.4% in 2010. Higher energy and food prices exerted upward pressure on the overall price index.

Housing activity remained strong in 2010. Residential construction investment increased 20.7% to $1.73 billion with increases in both new and renovation expenditures. Housing starts increased by 18.0% to 3,606 units in 2010, the highest level in 30 years. The number of MLS® sales decreased by 4.1% but the average price increased 14.0% to $235,360.

Offshore oil production totalled 100.7 million barrels, an increase of 3.1% relative to 2009. The addition of Hibernia AA Blocks and North Amethyst bolstered oil output. The value of oil production increased to $8.2 billion from $6.6 billion in 2009 due to higher volume and prices. Brent prices increased to US$79.61/barrel in 2010 from US$61.74 in 2009.

The value of manufacturing shipments increased to more than $5.2 billion mainly due to gains in value for refined petroleum and fish products.

The volume of fish landings was virtually unchanged from 2009, while landed value increased to $439.1 million, up 3.7%. Improved global demand for seafood and higher market prices for crab and shrimp contributed to the increased value.

Aquaculture production increased to 15,400 tonnes in 2010, up 12.7% compared to 2009. The market value was $116.3 million, up 26.1%. The increases were driven by production growth in the salmonid sector.

Newsprint shipments declined 2.0% to about 259,100 tonnes, impacted by the closure of the Grand Falls-Windsor mill during 2009. Shipment value was down about 5%, reflecting lower volume and the stronger Canadian dollar.

The value of mineral shipments increased by about 90% due mainly to higher production and prices for iron ore. Iron ore shipments increased by 17.5%.

Mineral exploration expenditures increased to about $110 million in 2010 from $55 million in 2009.

The number of travel and tourism visitors to the province grew by more than 7% to a record 518,500 and expenditures increased by 9.6% to $410.6 million.

Development of several major projects progressed throughout 2010, including Vale's nickel processing facility in Long Harbour, the Hebron oil project, and expansions at White Rose and Hibernia.

An agreement to develop the Muskrat Falls portion of the Lower Churchill River hydroelectric development was announced.

2011 Expectations

Real GDP is forecast to increase by 3.0% in 2011 as gains in mineral production and increased construction activity on major projects more than offset a natural decline in oil production.

Newfoundland and Labrador is expected to be among the leaders in GDP growth in 2011.

Employment is expected to grow by 3.0% to average 226,000 and the unemployment rate is expected to decline by 0.6 percentage points to 13.8%.

Personal income and disposable income are expected to grow by 5.5% and 5.4% respectively, both aided by wage gains and employment growth.

Retail sales are expected to increase by 4.2%.

Population is expected to increase 0.3% due to positive net migration.

The construction industry is expected to record another solid performance.

Capital investment is expected to rise 27.2%, driven mainly by expenditures in oil and gas, mining and manufacturing industries (including Vale's nickel processing facility). The province is expected to lead the provinces in investment growth in 2011.

The value of mineral shipments is expected to increase about 27% to $4.8 billion due to higher production volume and commodity prices.

Mineral exploration expenditures are expected to increase to $127 million from $110 million in 2010.

The value of manufactured products is expected to increase in 2011 as a result of higher prices for refined petroleum, fish products and newsprint.

Newsprint shipments are expected to be about the same as last year, totalling 260,000 tonnes. Newsprint prices are expected to rise between 12% and 13% for the year.

The Conference Board of Canada predicts that total overnight tourist visits to the province will increase 2.1% in 2011.

Total oil production is expected to decline by approximately 14.7% to 85.9 million barrels, due primarily to natural declines.

First oil from HSE Unit, one of two areas comprising Hibernia South, is expected in the second quarter.

Fish landings in 2011 are expected to be slightly lower than 2010. Market prices are expected to remain strong.

Salmonid aquaculture production is expected to increase in 2011 and global markets for the province's salmonid products are expected to remain strong. Mussel production and market value is expected to be on par with 2010.

The level of activity in the residential real estate market is expected to remain high during 2011.

Housing starts are expected to decrease 8.7% to 3,294 but remain at relatively high levels. Residential construction spending is expected to decrease 0.2% to $1.72 billion.

Development of the Hebron oil field will continue to advance and the Development Plan Application is expected to be submitted in the second quarter of 2011.

Peak activity is expected to occur at the Vale nickel processing plant. Over US$800 million in expenditures are planned for this year.

The Lower Churchill Project will continue towards achieving project sanction for construction.

(www.shutterstock.com)

Global Economic Environment

The World

The global economy rebounded in 2010 with all major economies showing positive growth in Gross Domestic Product (GDP). The recovery began with growth in most economies accelerating in the last half of 2009 and early 2010. However, the pace slowed in the second half of 2010 as the initial boost from government spending and business inventory rebuilding following the recession waned.

As 2010 progressed a two-speed economic recovery materialized, with strong growth in emerging economies like India and China and sluggish growth in many advanced economies such as the United States and Europe. Limited job gains and continued weakness in housing markets challenged the strength of the recovery in the U.S. In Europe, growth was slowed by fiscal restraint and uncertainty caused by concerns over sovereign debt problems in several countries. U.S. GDP increased by 2.8% while the Euro Area recorded growth of just 1.8% in 2010.

The Asian-Pacific region experienced the strongest economic growth last year and led the global economic recovery. The largest emerging economies, China and India, contributed a disproportionate share to global growth (see chart on page 8), growing by 10.3% and 9.7% respectively. Fiscal stimulus also allowed Japan to record a solid performance in 2010 with real GDP up by 4.3%.

World Real GDP Growth (%)

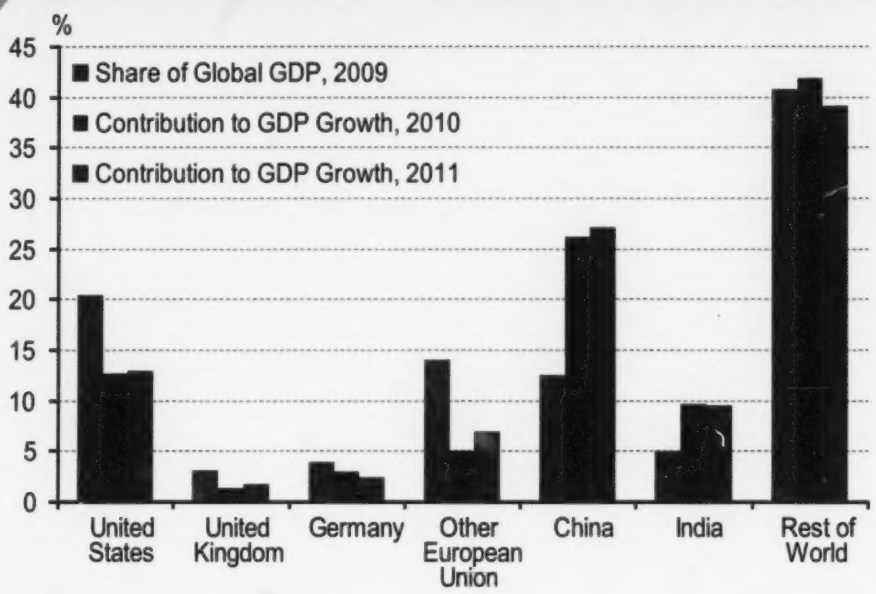
	2010	2011f
World	5.0	4.4
Canada*	3.1	2.7
United States**	2.8	3.2
China	10.3	9.6
India	9.7	8.4
Japan	4.3	1.6
United Kingdom	1.7	2.0
France	1.6	1.6
Germany	3.6	2.2
Italy	1.0	1.0
Spain	-0.2	0.6
Euro Area	1.8	1.5
Russia	3.7	4.5

f: forecast
Source: International Monetary Fund unless otherwise indicated
* Statistics Canada for 2010; average of major Canadian banks for 2011
** U.S. Bureau of Economic Analysis for 2010; Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia for 2011.

The Asian-Pacific region and Latin America are driving commodity demand. Commodity prices strengthened throughout 2010—the Bank of Canada commodity price index was 23.4% higher last year than in 2009 and Brent oil averaged US$79.61/barrel compared to US$61.74/barrel for 2009. Commodity markets continued to strengthen during the first quarter of 2011 as confidence in the global economic recovery grew. Oil prices have been boosted further recently as civil unrest in several Middle Eastern countries has threatened to interrupt world oil supplies. Higher commodity demand and prices have resulted in major commodity producing countries like Canada and Australia performing better than most other advanced economies.

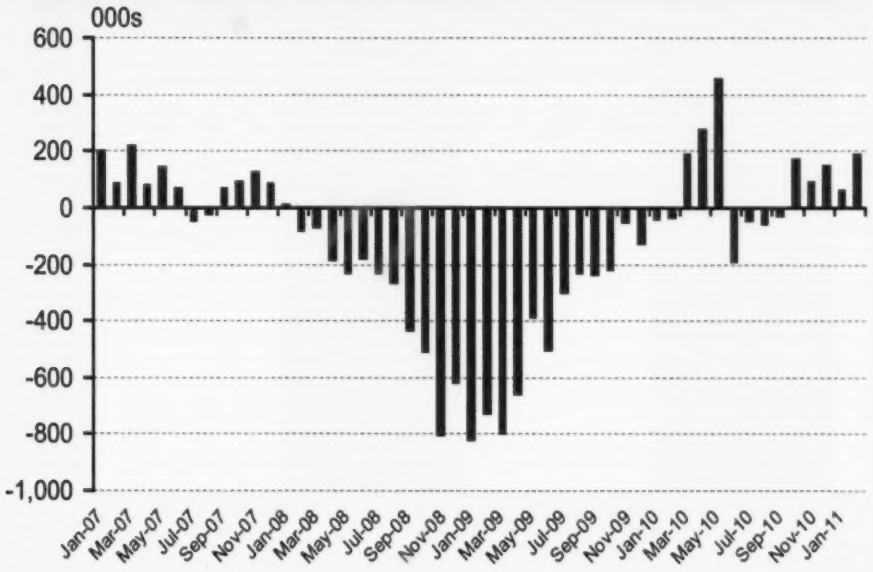
The global economic recovery is expected to continue in 2011. Further gains are expected in emerging countries and momentum is slowly building in the U.S. However, there are risks. These include a slowdown in China as the government tries to reign in inflation; sovereign debt problems in countries like Spain, Portugal and Italy; volatility in oil prices stemming from unrest in the Middle East; and the impact of the earthquake/tsunami and nuclear crisis in Japan. Nevertheless, the International Monetary Fund is projecting 4.4% global GDP growth for 2011 and 4.5% for 2012.

Share of Global GDP and Contribution to Growth



Source: International Monetary Fund

Change in U.S. Employment



Source: U.S. Bureau of Labor Statistics

United States

The economic recovery in the United States—the world's largest economy—was sluggish last year. Real GDP grew by 2.8%, but employment growth remained weak and the unemployment rate, at 9.4% in December, remained stubbornly high. Recovery in the labour market was lackluster with erratic employment growth throughout the year (see chart). During 2010 the economy regained only one million of the roughly eight million jobs lost during the recession. The U.S. housing market remained weak with housing starts at historically low levels. Furthermore, fiscal restraint by state and local governments acted as a drag on economic activity.

Real GDP growth last year reflected gains in exports, private sector equipment investment and consumer spending that more than offset weakness elsewhere. In addition, the manufacturing industry improved throughout 2010 and exhibited strong employment gains late in the year.

The U.S. economy is expected to strengthen in 2011. New fiscal packages passed late last year will provide a boost to the economy in the coming months by extending unemployment benefits, reducing some taxes and delaying a scheduled increase in some other taxes. In addition, recent consistent gains in consumer spending and average monthly job gains of 135,000 over the past five months suggest stronger economic growth in 2011.

The latest Survey of Professional Forecasters from the Federal Reserve Board of Philadelphia predicts real GDP growth of 3.2% in 2011 and 3.1% in 2012. Further strong gains in equipment investment and exports together with solid gains in consumer spending are expected to be the primary contributors to U.S. GDP growth this year. Forecasters are also expecting labour markets to improve with the economy generating between 1.5 and 2.0 million new jobs this year while the unemployment rate is projected to fall well below 9.0% by the end of the year.

Canada

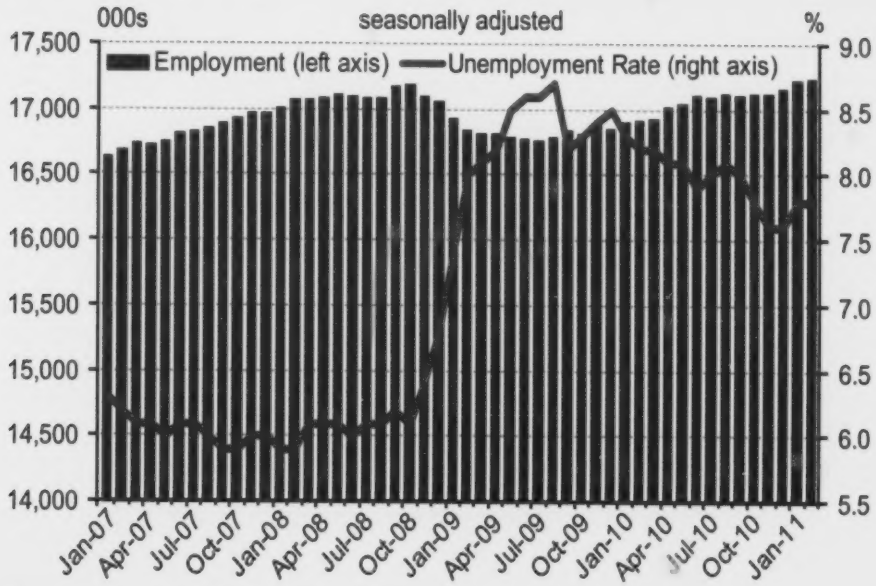
Canada escaped the severest effects of the 2009 recession, and in 2010, experienced a solid economic recovery. Real GDP increased by 3.1% bolstered by strong growth in exports, non-residential machinery equipment investment and residential construction, and solid growth in consumer spending. Increased global demand for commodities improved export markets and led to a rebound in key manufacturing industries. It is estimated that all provinces recorded annual increases in GDP in 2010 and most provinces posted employment increases with national employment up 1.4%.

The labour market fully recovered the 400,000 jobs lost during the recession (see chart), however, the decline in the unemployment rate was slowed by labour force growth. The unemployment rate fell 0.7 percentage points last year ending the year at 7.6% in December.

Rising commodity prices and a solid economy kept the Canadian dollar strong last year. The dollar fluctuated between US$0.95 and parity throughout 2010, but has appreciated above parity in recent weeks in response to rising oil prices. As of March 29, 2011 the dollar was trading about US$1.02.

The strength of Canadian economic growth in 2011 and the value of the Canadian dollar will largely depend on international events. The U.S. remains Canada's largest trading partner, therefore the pace of economic growth in that country is a concern. In addition, many exporters (especially those not benefitting from strong commodity prices) will continue to be challenged by the high dollar. However, the improving U.S. economy and strong global commodity markets should support growth. The Canadian dollar is expected to be strong throughout 2011 remaining around parity with the U.S. dollar.

Commodity markets are expected to remain strong on the strength of continued demand from emerging economies. This will benefit commodity producing regions of Canada such as the Western provinces and Newfoundland and Labrador.



Source: Statistics Canada, Labour Force Survey

The latest survey of forecasts by major banks suggests that Canadian real GDP is expected to grow by 2.7% in 2011. Growth across the provinces in 2011 is expected to range from 1.8% in Nova Scotia to 4.2% in Saskatchewan. Newfoundland and Labrador is expected to be among the leaders in growth again in 2011.

A protracted commodity boom (2009 notwithstanding) has facilitated a significant improvement in living standards in Newfoundland and Labrador relative to the country as a whole. Between 2004 and 2010, nominal GDP and personal income per capita have risen from 92.8% and 80.6% of the Canadian average respectively to 122.5% and 90.0%. The underlying fundamentals of these trends are expected to continue.

Petty Harbour (Dept. of Finance)

Provincial Economic Overview

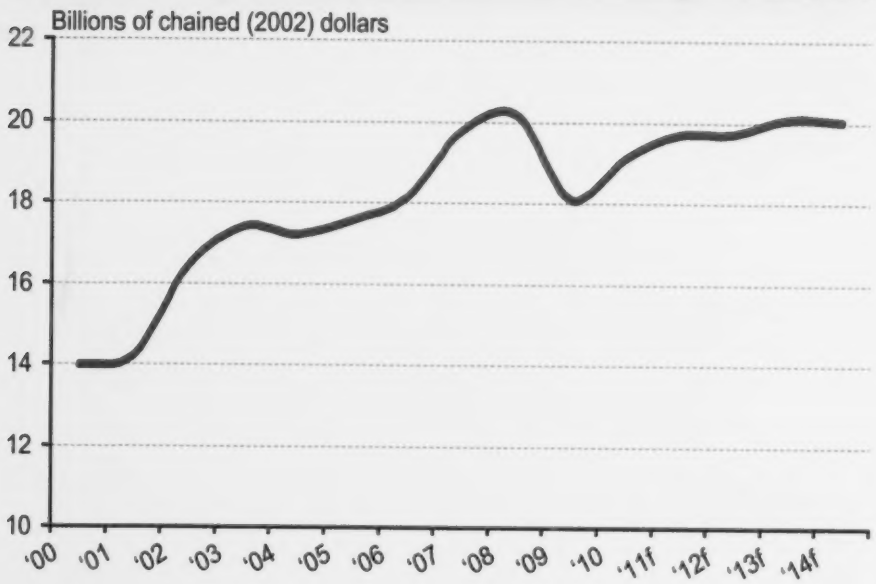
Newfoundland and Labrador posted a solid economic performance in 2010. All major economic indicators recorded increases over 2009 and the province led the country in both GDP and employment growth.

Real GDP grew by an estimated 5.6% in 2010 due mainly to investment and export growth, and to a lesser extent, consumer and government sector growth (see chart). Most private sector forecasters rank Newfoundland and Labrador at the top of the list for economic growth last year.

Investment in the province totalled $6.5 billion in 2010, an increase of 32.3% compared to 2009. Increased spending on major projects was the primary driver of investment growth. The largest major project expenditures in 2010 were on the Vale nickel processing facility in Long Harbour and the Hibernia South Extension. Additionally, there was significant investment on other oil projects (e.g. Hebron, White Rose expansion) and the Iron Ore Company of Canada (IOC) expansion project. The continuation of government's infrastructure strategy, expansion in the commercial sector, and a robust housing sector also contributed to high levels of investment. Residential investment increased by 20.7% in 2010 and housing starts were up 18.0%.

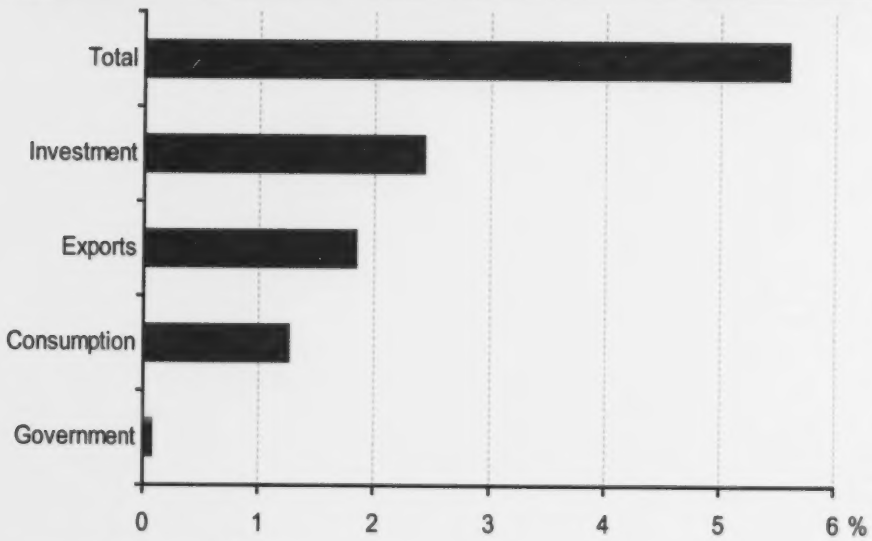
A rebound in exports from depressed levels in 2009—partly related to the recession—contributed to GDP growth last year. Real exports are estimated to have increased by about 4% in 2010. Mineral production increased substantially as improved market conditions led to higher output

Newfoundland and Labrador's Real GDP



f: forecast
Source: Statistics Canada; Department of Finance

Sector Contribution to Real GDP Growth, 2010



Source: Statistics Canada; Department of Finance

from most mines in the province. In particular, iron ore shipments increased by over 17%. Oil production totalled 100.7 million barrels in 2010, an increase of 3.1% from 2009 due to additional production from the AA Blocks at Hibernia and the start-up of the North Amethyst field. Service exports benefitted from a good tourism year and growth in the general economy that, in turn, boosted transportation activities. Fish products performed reasonably well, however newsprint was down due to the closure of the Grand Falls-Windsor mill in 2009.

Consumer spending continued to support economic growth in 2010. Retail sales increased by 3.7%, fuelled largely by higher spending on motor vehicles. The number of new cars sold in the province rose by 10.1% in 2010 reaching the highest level on record. Continued high levels of consumer confidence—the highest in Atlantic Canada—combined with employment and income growth supported consumer spending in the province.

Labour Markets

Labour markets in the province rebounded in 2010. After posting declines in employment in 2009, Newfoundland and Labrador recorded a 3.3% increase in employment last year. In fact, employment growth was strong enough to completely recover job losses experienced in 2009. This marked the shortest employment recovery in Newfoundland and Labrador from a recession since at least the 1970s[1] (see chart), a reflection of the underlying strength and momentum in the provincial economy. Full-time employment rose by 5,300 or 2.9% and part-time employment increased by 1,900 or 6.2%.

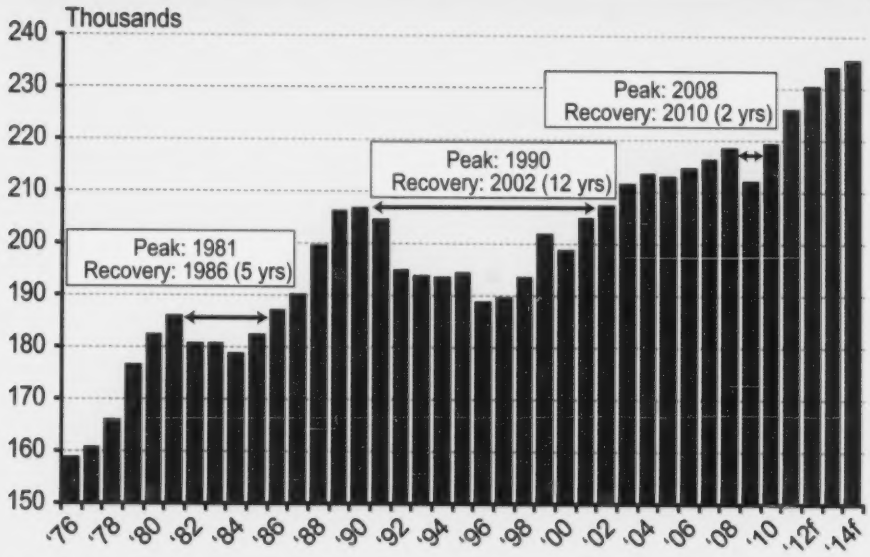
Job gains spurred confidence in local labour markets, leading to an increase in labour force participation. The participation rate averaged 59.9% in 2010, a gain of 0.9 percentage points compared to 2009. The increase in the participation rate combined with a 0.5% increase in the population of labour force age (those aged 15 and over) resulted in labour force growth of 2.0%.

Strong gains in employment led to declines in unemployment and the unemployment rate. The number of unemployed fell by 2,100 or 5.4% compared to 2009 and the unemployment rate decreased to 14.4%, a decline of 1.1 percentage points.

Labour income in the province rose by 5.2% last year supported by both employment and wage growth. Average weekly earnings (including overtime) rose by 4.5% in 2010, reflecting increases in the minimum wage, pay raises in the public sector and general wage growth in the private sector. Total personal income grew by 4.2% and personal disposable income rose by 4.1%.

[1] This statement is based on Statistics Canada's Labour Force Survey data, for which the current series extends back to 1976.

Employment



f: forecast
Source: Labour Force Survey, Statistics Canada; Department of Finance (2011-2014 forecast)

Inflation

Consumers in Newfoundland and Labrador paid 2.4% more for goods and services in 2010, as measured by the all-items Consumer Price Index (CPI). The increase in prices was largely due to increased energy costs. Energy prices increased 6.7% in 2010 compared to 2009 and impacted the costs of transportation (through gasoline) and shelter (through home heating fuel). Higher food costs, up 2.0%, also contributed to the increase in the overall CPI.

Population

Newfoundland and Labrador's population stood at 509,739 as of July 1, 2010. This represents an increase of 0.3% compared to July 1, 2009 and marks the second consecutive year of population increases following 16 years of declines. Population growth stemmed from positive net in-migration and reflects the current strength of the local economy and optimism about future prospects in the province.

Economic Indicators

	2010e	2011f	2012f	2013f	2014f
GDP at Market Prices ($M)	29,674	32,543	32,998	34,500	34,600
% Change	18.8	9.7	1.4	4.5	0.3
% Change, real	5.6	3.0	0.2	1.8	-0.2
% Change, real adjusted*	5.7	3.5	2.7	2.2	1.1
Personal Income ($M)	17,091	18,026	19,045	20,077	20,869
% Change	4.2	5.5	5.7	5.4	3.9
% Change, real	1.8	2.9	3.3	3.1	1.6
Personal Disposable Income ($M)	13,737	14,483	15,301	16,131	16,776
% Change	4.1	5.4	5.6	5.4	4.0
% Change, real	1.7	2.8	3.3	3.1	1.7
Retail Sales ($M)	7,384	7,695	8,073	8,504	8,827
% Change	3.7	4.2	4.9	5.3	3.8
% Change, real	1.5	2.3	2.8	3.7	2.2
Consumer Price Index (2002=100)	117.4	120.4	123.2	125.9	128.7
% Change	2.4	2.5	2.3	2.2	2.3
Capital Investment ($M)	6,549	8,330	8,042	8,625	8,655
% Change	32.3	27.2	-3.4	7.2	0.3
% Change, real	28.9	28.9	-5.4	3.7	-1.5
Housing Starts (Units)	3,606	3,294	3,017	3,043	3,063
% Change	18.0	-8.7	-8.4	0.9	0.7
Employment (000s)	219.4	226.0	230.6	234.3	236.0
% Change	3.3	3.0	2.0	1.6	0.7
Labour Force (000s)	256.3	262.0	266.4	269.7	271.9
% Change	2.0	2.2	1.7	1.2	0.8
Unemployment Rate (%)	14.4	13.8	13.4	13.1	13.2
Population (000s)	509.7	511.3	513.4	516.4	519.0
% Change	0.3	0.3	0.4	0.6	0.5

* Adjusted GDP excludes production related income that will be earned by the non-resident owners of Newfoundland and Labrador mega-projects (oil projects and Voisey's Bay) to better reflect growth in economic activity that generates income for residents.

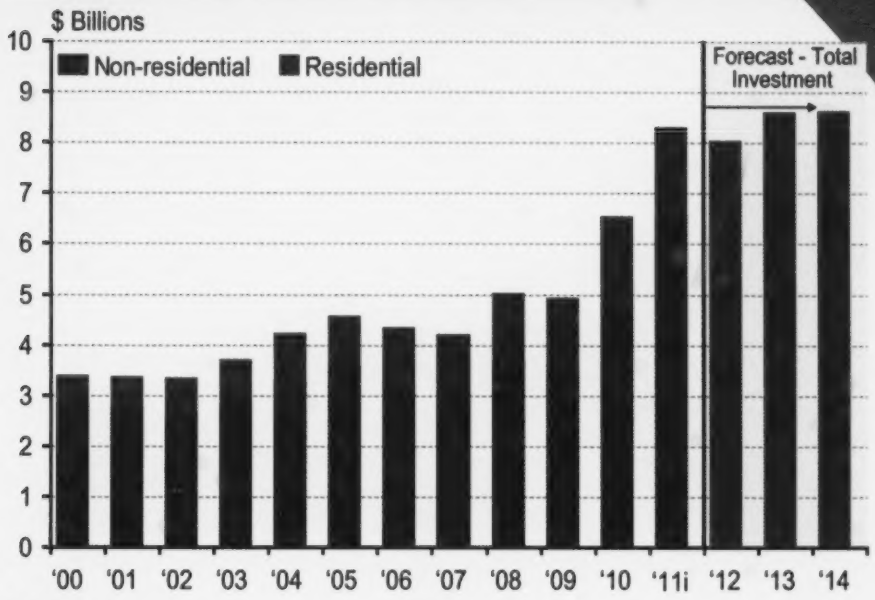
e: estimate; f: forecast, Department of Finance, March 2011

Source: Statistics Canada; Department of Finance

Outlook—2011

Economic growth is expected to continue to be robust this year, fuelled largely by investment in major projects. According to Statistics Canada's Public and Private Investment (PPI) Survey, capital investment in the province is expected to increase by 27.2% this year to $8.3 billion. Of this, $2.7 billion is expected to be spent by the mining and oil and gas industries. Projects with considerable development activity scheduled this year include Vale's nickel processing facility, Hebron, IOC expansion, Hibernia South Extension and the White Rose expansion fields.

Capital Investment

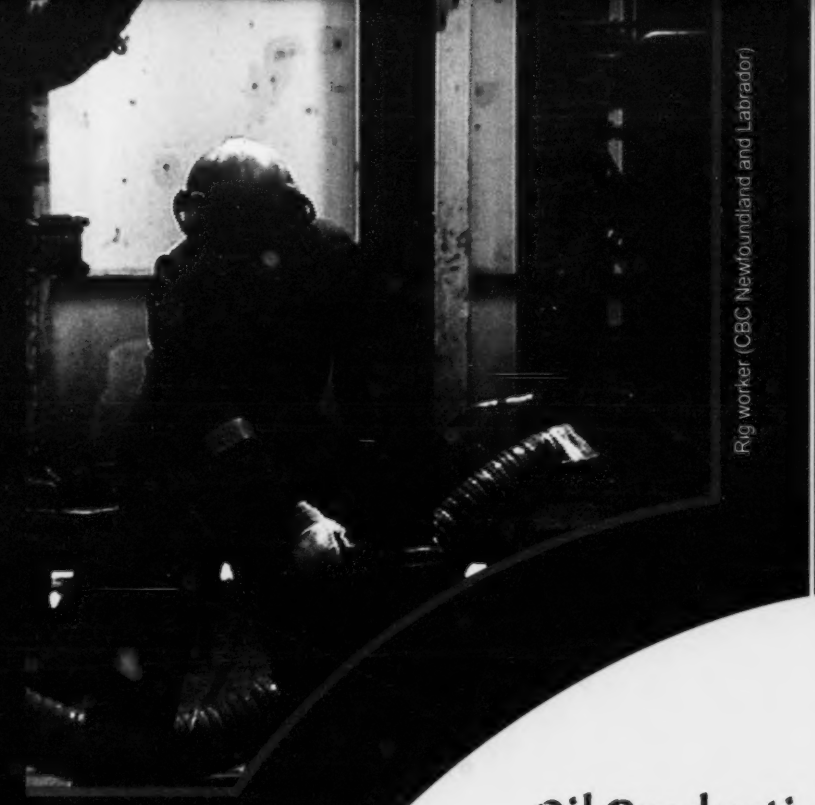


i: intentions
Source: Statistics Canada; Department of Finance (2012 – 2014 forecast)

Development work on these projects, combined with growth in the rest of the economy, is expected to support a 3.0% increase in employment. This performance will lead to a further reduction in the unemployment rate to 13.8%. Personal income is expected to increase by 5.4%, stemming from higher employment and continued wage gains. Subsequently, retail sales are forecast to increase by 4.2% this year. The current strength of the provincial economy is expected to support continued in-migration to the province, leading to an increase in the population of 0.3%.

Medium-Term Outlook—Beyond 2011

Beyond 2011, the economic outlook remains positive. While GDP growth will vary depending on major project timelines and natural resource production, other indicators such as employment and income are expected to record steady growth. Sustained high levels of capital investment (see chart) stemming primarily from major project development will support these gains. Increased employment and income, combined with high levels of consumer confidence, will bolster consumer spending. Continued economic growth and optimism about the development of major projects is expected to lead to further net in-migration and an increase in the population.



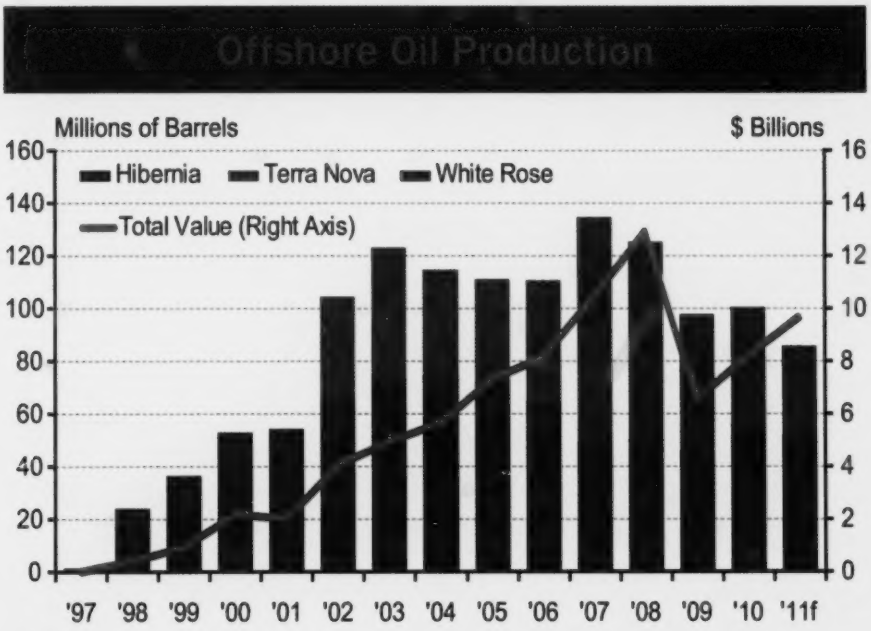
Rig worker (CBC Newfoundland and Labrador)

Oil Production

Oil and gas is a vital sector in the Newfoundland and Labrador economy. Provincial real GDP has grown by nearly 52% in the last two decades, with over half of the growth attributed directly to the oil industry. In 2009, oil extraction and support activities accounted for 27.5% of the province's nominal GDP and 2.4% of provincial employment. The industry's total capital expenditures were approximately $1.3 billion in 2010, up 13.8% from 2009.

The province's three active projects produced 100.7 million barrels of oil in 2010 (see chart) and accounted for approximately 35% of Canada's conventional light crude production. Production increased 3.1% (or 3.0 million barrels) relative to 2009 mainly as a result of new production from the AA Blocks at Hibernia and the start-up of the North Amethyst field.

The value of oil production was approximately $8.2 billion in 2010, up 23.9% from 2009 as a result of higher crude prices and output. The price of Brent crude oil averaged US$79.61/barrel in 2010, compared to US$61.74/barrel in 2009. Cumulative oil production since 1997 totalled 1.2 billion barrels, worth approximately $73.8 billion.



f: forecast
Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

Hibernia

The Hibernia oil field—the first and largest oil field to be developed offshore Newfoundland—began producing in 1997. Current (October 2010) reserve estimates for Hibernia are 1,395 million barrels. This is higher than the previous (2006) estimate of 1,244 million barrels and almost double the 1986 estimate of 711 million barrels.

Hibernia produced 56.3 million barrels of oil in 2010, up 22.9% (or 10.5 million barrels) from 2009. Average monthly production was 4.7 million barrels in 2010 compared to 3.8 million barrels in 2009. Increased production was influenced by a number of factors including a successful drilling program, better than expected recoveries in several wells, decreased downtime compared to 2009 and the addition of production from the AA Blocks. Estimated production value in 2010 was approximately $4.6 billion. Approximately 1,090 persons, including tanker crew, were employed in support of Hibernia last year.[2]

Several developments concerning Hibernia occurred during 2010. The provincial government finalized formal agreements with industry to develop the Hibernia South Extension (HSE). This development alone is expected to return an estimated $13 billion to the provincial government through a combination of royalties, returns on investment (through Nalcor Energy) and corporate income tax revenues. HSE comprises two areas—

[2] Employment numbers for Hibernia, Terra Nova and White Rose were as of March 31, 2010.

the AA Blocks with estimated recoverable reserves of 48 million barrels and the Hibernia South Extension Unit (HSE Unit) with estimated recoverable reserves of 167 million barrels. These developments are expected to extend the productive life of Hibernia by 5 to 10 years. Extraction from AA Blocks began in late 2009 using direct drilling from the Hibernia production platform. Oil produced from the AA Blocks is currently subject to a royalty rate of 42.5% of net revenues.

As well, in late 2010, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) approved the amendment to the Hibernia Development Plan to allow development of the HSE Unit to proceed. The decision enables the Hibernia Management Development Company Ltd. to develop the HSE Unit area utilizing existing oil production facilities and support infrastructure, and by adding subsea infrastructure. First oil from this project is expected in the second quarter of 2011. The province, through Nalcor Energy, acquired a 10% equity stake in the HSE Unit at a cost of $30 million. Nalcor Energy will pay a proportional share of the project costs and receive a proportional share of production revenues.

Terra Nova

The second oil field to commence production in the province's offshore was Terra Nova in 2002. The C-NLOPB estimates oil reserves and resources at Terra Nova to be 419 million barrels.

This field produced 24.9 million barrels of oil in 2010, a decline of 4.1 million barrels (or 14.1%) from 2009. Average monthly production was 2.1 million barrels in 2010 compared to 2.4 million barrels in 2009. Production in 2010 was below 2009 levels as a result of natural declines, a scheduled maintenance turnaround in the third quarter and the shutdown of some wells in the fourth quarter to address issues related to hydrogen sulphide (sour gas). Production value in 2010 was approximately $2.0 billion. Total employment in support of the Terra Nova project last year was 805 persons, including tanker operations.

Terra Nova's operator, Suncor Energy, is planning for a 15-week scheduled shutdown of the *Terra Nova FPSO* to replace the injection swivel. The shutdown is being contemplated for July 2011, however, the company may defer the shutdown to 2012. The refit is expected to take place in Marystown. A decision concerning whether to proceed with the scheduled shutdown this year is expected early in the second quarter.

White Rose (including North Amethyst)

The White Rose field commenced production in 2005, representing the third producing oil field in the province's offshore. White Rose (including North Amethyst) produced 19.4 million barrels in 2010, down 3.4 million barrels (or 14.8%) from 2009. Average monthly production was 1.6 million barrels in 2010 compared to 1.9 million barrels in 2009. Production at White Rose was lower in 2010 reflecting interruptions associated with the North Amethyst tie-in and natural declines in the main field. Production value in 2010 was approximately $1.6 billion. Total employment at White Rose was 1,236 persons in 2010, including tanker operations and 217 persons in support of the North Amethyst development.

The C-NLOPB estimates oil reserves and resources at White Rose to be 373 million barrels. This estimate includes the main South Avalon Pool, North Amethyst Field, South White Rose Extension, West Avalon Pool, North Avalon Pool and the Hibernia formation. North Amethyst, the first of three satellite areas to be tied back to the *SeaRose FPSO*, began production in May 2010. Pilot well drilling in the West White Rose, the second of three satellite fields, commenced in August 2010 following approval from the C-NLOPB. The development strategy and timing of West White Rose are dependent on the outcome of the pilot well scheme. The South White Rose Extension, which is the third of the tie-back developments, received regulatory approval in 2007. Husky Energy Inc. and partners continue to assess development and scheduling options for the South White Rose Extension. Husky Energy is also currently assessing the feasibility of using a gravity based structure (GBS) to develop White Rose's growing resource base. Unlike the Hibernia GBS that has processing and storage capabilities, Husky is proposing a wellhead GBS that strictly pumps oil from the seabed and is capable of drilling wells.

Hebron

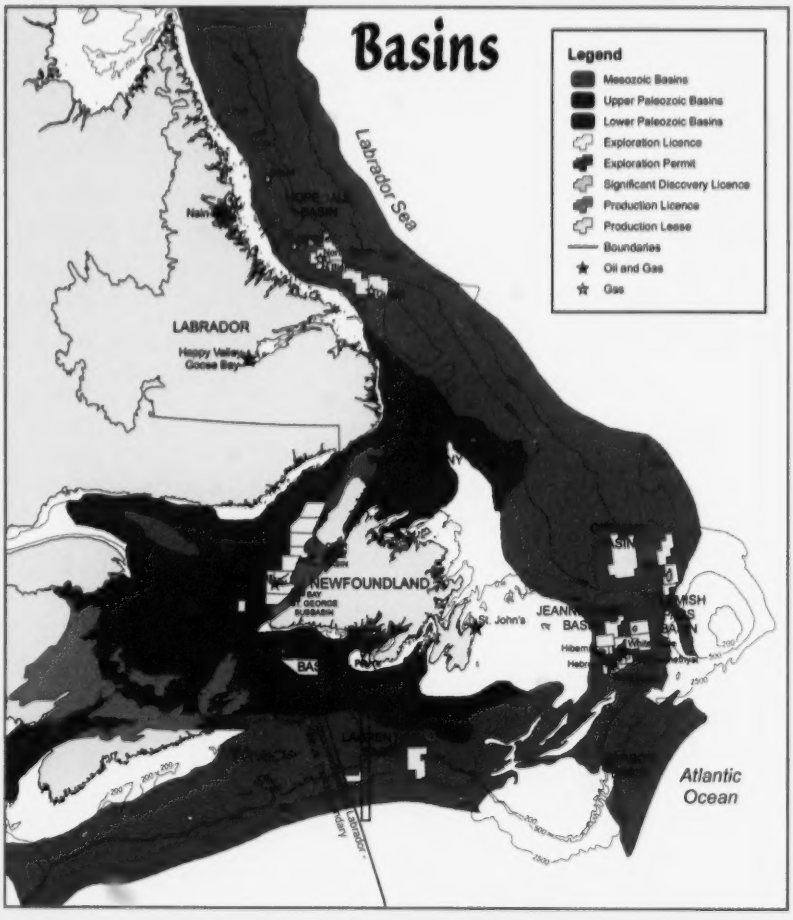
The Hebron field was discovered in 1981 and is located north of the Terra Nova field in the Jeanne d'Arc Basin (see map on page 22). Hebron, the fourth project to be developed in the province's offshore on a stand-alone basis, contains an estimated 581 million barrels of recoverable oil reserves. The field will be developed using a GBS, similar to, but smaller than, the Hibernia GBS. The Hebron GBS will be built in Newfoundland and Labrador.

The province, through Nalcor Energy, purchased a 4.9% equity stake in the Hebron project at a cost of $110 million, and will pay a proportional share of project costs and receive a proportional share of production revenues. The remaining Hebron partners are: ExxonMobil Canada Properties

(36.0%), Chevron Canada Limited (26.7%), Suncor Energy Inc. (22.7%) and Statoil Canada Ltd. (9.7%). ExxonMobil is the operator of the Hebron Project.

Hebron's project office was established in St. John's in 2009 and there are currently about 200 people working on the project in the province. The Hebron Comprehensive Study Report was submitted to the C-NLOPB in June 2010 and the submission of the Development Plan Application to the C-NLOPB is scheduled for the second quarter of 2011.

Two major contracts for development of Hebron were awarded in 2010. The Topsides Front End Engineering Design (FEED) contract, to be completed during 2011, was awarded to WorleyParsons Canada Services Ltd. in August. The second major contract, for the GBS FEED and site preparation at Bull Arm, was awarded to Kiewit-Aker Contractors (a 50/50 joint venture between Peter Kiewit Infrastructure and Aker Solutions) in November. Both contracts include the option—at the discretion of ExxonMobil—for the companies to provide engineering, procurement and construction services.



Construction of the GBS is expected to start in 2012 at the Bull Arm industrial fabrication site and is expected to create 4.1 million person hours of employment in the province, with peak employment in 2014. First oil is expected as early as 2017.

Exploration

Offshore and onshore exploration continued throughout 2010. In total, 11 wells (exploration, delineation and development) were spud offshore and three onshore. Seismic programs were undertaken in both areas as well. The following are some highlights of exploration activity in 2010.

Offshore

- In February 2010, the C-NLOPB issued a significant discovery licence (SDL) to Statoil Canada Ltd. related to the Mizzen O-16 discovery well in the Flemish Pass Basin (see map). The final well report from the Mizzen O-16 well is now available from the C-NLOPB. Additionally, Statoil completed a well site survey in the Jeanne d'Arc Basin in August 2010 and received authorization to proceed with a geophysical program in the Flemish Pass Basin.
- Suncor Energy Inc. drilled Ballicatters M-96 exploration well in the Jeanne d'Arc Basin in 2009. Drilling operations were suspended in October 2009 and no results have been announced to date.[3] Suncor re-entered the well (M-96Z) in November 2010 and is currently conducting sidetrack drilling operations.
- Husky Energy Inc. drilled the exploration well Glenwood H-69 in EL 1090 in March 2010. No results have been announced. During the summer of 2010, Husky completed a 3,005 km 2-D seismic survey in the Sydney Basin and a 5,550 km 2-D seismic survey off the coast of Labrador in the Hopedale Basin.
- Beginning in May 2010, Chevron Canada Limited drilled Lona O-55 exploration well in the Orphan Basin using the drillship *Stena Carron*. The well has since been abandoned and no results have been announced. Chevron has submitted a project description to the C-NLOPB for 2-D and 3-D seismic programs in the region of the Orphan Knoll, showing continued interest in the area.
- ConocoPhillips Canada and co-venture partner BHP Billiton completed drilling of the East Wolverine G-37 exploration well in the Laurentian Basin in April 2010 using the drillship *Stena Carron*. While no specific data were released, ConocoPhillips announced that the well was dry and have since relinquished five exploration licences (EL) in the area (1081R, 1082R, 1084, 1086R and 1087R) but retained two (1118 and 1119).
- In January 2011, Canadian Imperial Venture Corp. and Shoal Point Energy Inc. commenced drilling of the onshore-to-offshore exploration well 3K-39 to test the hydrocarbon potential of the Green Point shale formation in western Newfoundland. Drilling operations are ongoing.
- In January 2011, NWEST Energy Inc. announced that it extended ELs 1097 and 1098 off the province's west coast to January 15, 2012 by posting a drilling deposit of $500,000 to the C-NLOPB.
- In early 2011, Corridor Resources Inc. submitted plans to the C-NLOPB to drill its first offshore exploration well off Cape Anquille (Old Harry) sometime between mid-2012 and early 2014, pending regulatory approval. The proposal to drill this well, which is located on the Newfoundland side of the Gulf of St. Lawrence, has triggered an environmental assessment process.

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[3] Information obtained as a direct result of drilling an exploration well is confidential for two years following the well termination date (i.e. date on which the well is either suspended or abandoned).

Onshore

- In February 2011, Nalcor Energy and its partners Leprechaun Resources, Deer Lake Oil and Gas Inc., Investcan Energy Corporation and Vulcan Minerals Inc. announced that they had abandoned plans to drill the third and final well in a three-well exploratory program in the Parsons Pond area. The first two wells, Seamus #1 and Finnegan #1, found shallow gas but no oil deposits. The current plan is to evaluate the well data already collected and cross reference it with seismic survey data collected both onshore and offshore. Exploration expenditures were approximately $30 million, of which Nalcor Energy's share was $23 million.
- In October 2010, Vulcan and its partner Investcan announced the conclusion of the first stage of Phase I on the Robinson #1 and Red Brook #2 wells in the Bay St. George area. Based on the results of Phase I the co-venturers expect to carry out a stimulation program to adequately test the flow rates of several zones that will provide reservoir information to assist in quantifying the natural gas resource. This work is expected to commence in mid-2011. Vulcan also completed a 2-D seismic program in the Bay St. George Basin in 2010.
- Deer Lake Oil and Gas drilled Werner Hatch #1 well to a final total depth of 442 meters and released the rig in March 2010. This is the first of two shallow wells proposed in the Deer Lake Basin to evaluate the shale gas potential of the Rocky Brook formation. The Department of Natural Resources (DNR) is currently reviewing the well results.

Licences, Bids and Land Sales

- As of January 31, 2011, there were 35 active exploratory licences, 50 significant discovery licences, and eight production licences in the province's offshore area. Currently there is approximately $995 million in exploration commitments (including new commitments in 2010) to be undertaken by interest owners.
- The C-NLOPB issued three Calls for Bids in the offshore in 2010. Successful bids totalling about $112.7 million in work commitments were received.
    - Call for Bids NL 10-01 included two parcels in the Jeanne d'Arc Basin comprising 169,400 hectares. Parcel 1 was awarded to Husky and Repsol E&P Canada Ltd. and borders EL 1090, the licence under which the exploration well Glenwood H-69 was drilled by Husky in 2010. Parcel 2, which borders the North Amethyst field currently being operated by Husky, went to Husky and Statoil. Parcel 2 is surrounded by exploratory licences held by Husky and Statoil and also borders two SDLs held by Husky.

- Call for Bids NL 10-02 included exploration rights in two parcels of the Central Ridge/Flemish Pass Region comprising 327,372 hectares. Parcel 1 was awarded to Statoil and Repsol, while Statoil and Husky partnered and successfully won the bid for Parcel 2. The two parcels have approximately $95.2 million in work expenditure commitments. Parcel 1 is located north of the Mizzen discovery made by Statoil in 2009, while Parcel 2 borders the discovery.
- Call for Bids NL 10-03 comprised 3,773 hectares in the Central Ridge/Flemish Pass Region. Statoil and Husky won the bid and the associated SDL with a cash bid of $1.2 million. This parcel of land also borders the Mizzen discovery.

- In September 2010, the C-NLOPB announced a Call for Nominations (NL 10-01) for lands in the offshore area to be considered for possible Call for Bids in 2011.
- In October 2010, the Government of Newfoundland and Labrador issued a Call for Postings to identify prospective parcels of land in onshore western Newfoundland for possible future oil and gas exploration. Approximately seven million acres of land, totalling 28,000 square kilometers, were open for nomination. The deadline for submissions was December 15, 2010. The DNR is currently assessing the nominations.

Oil production is expected to decline by 14.7% to 85.9 million barrels.

- Hibernia (including AA Blocks and HSE Unit) is expected to produce 52.2 million barrels, 4.2 million less than 2010.
- Terra Nova is expected to produce 13.8 million barrels, 11.1 million less than 2010 due to natural declines and assumed shutdown.
- White Rose (including North Amethyst and West White Rose) is expected to produce 19.9 million barrels, 0.5 million more than 2010.

First oil from HSE Unit—one of two areas comprising Hibernia South—is expected in the second quarter.

Annual average crude oil prices are expected to increase by about 36% over 2010 levels. Brent crude is expected to average US$108.50/barrel.

Capital expenditures are expected to be about $1.7 billion in 2011, up 34.6% from 2010.

The Development Plan Application for the Hebron field is expected by the second quarter. Preparation work at Bull Arm is expected to commence in the second quarter.

Several companies will be pursuing exploration and development opportunities in the offshore in 2011.

Port de Grave (Dept. of Fisheries and Aquaculture)

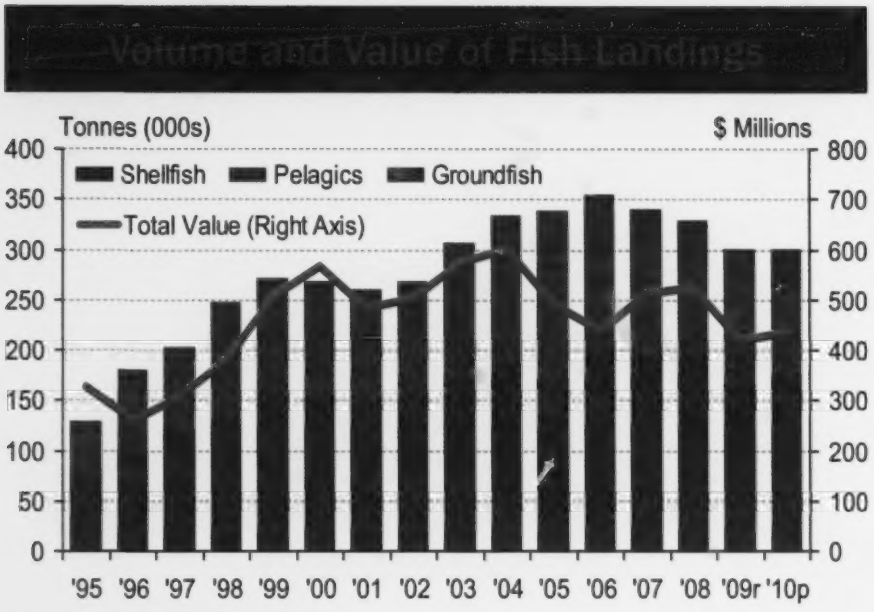
Fishery

The Newfoundland and Labrador seafood industry performed well in 2010. The province's total seafood production was valued at $942 million, up 13.9% from $827 million in 2009. In general, improved global demand for seafood, higher market prices for crab and shrimp, and an increase in aquaculture exports contributed to the growth in 2010. These factors helped the industry endure continuing challenges associated with the strong Canadian dollar, high fuel prices and quota reductions.

Total landings for capture fisheries were approximately 301,400 tonnes in 2010, virtually unchanged from 2009 (see chart). The corresponding landed value increased to $439.1 million, up 3.7% from 2009. An increase in landings and the raw material price of shrimp helped offset decreased landings for other species and contributed to the higher value in 2010. The overall market value of aquaculture production in 2010 increased 26.1% to $116.3 million, mainly driven by production growth in the salmonid sector.

Total employment in the capture fisheries declined in 2010, while employment in the aquaculture industry grew. The number of fish harvesters totalled 10,802, down 7.0% compared to 2009. The number of people employed in processing activities decreased by 3.5% to 10,340.[4] Aquaculture employment increased by 4.4% from 655 people in 2009 to 684 people in 2010.

[4] Processing employment data are from the Department of Fisheries and Aquaculture's peak employment data and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data differ from Statistics Canada Labour Force Survey data (included in the table on page 100) which uses a person year concept of employment.



r: revised, p: preliminary
Note: Annual value includes seals.
Source: Department of Fisheries and Aquaculture; Fisheries and Oceans Canada

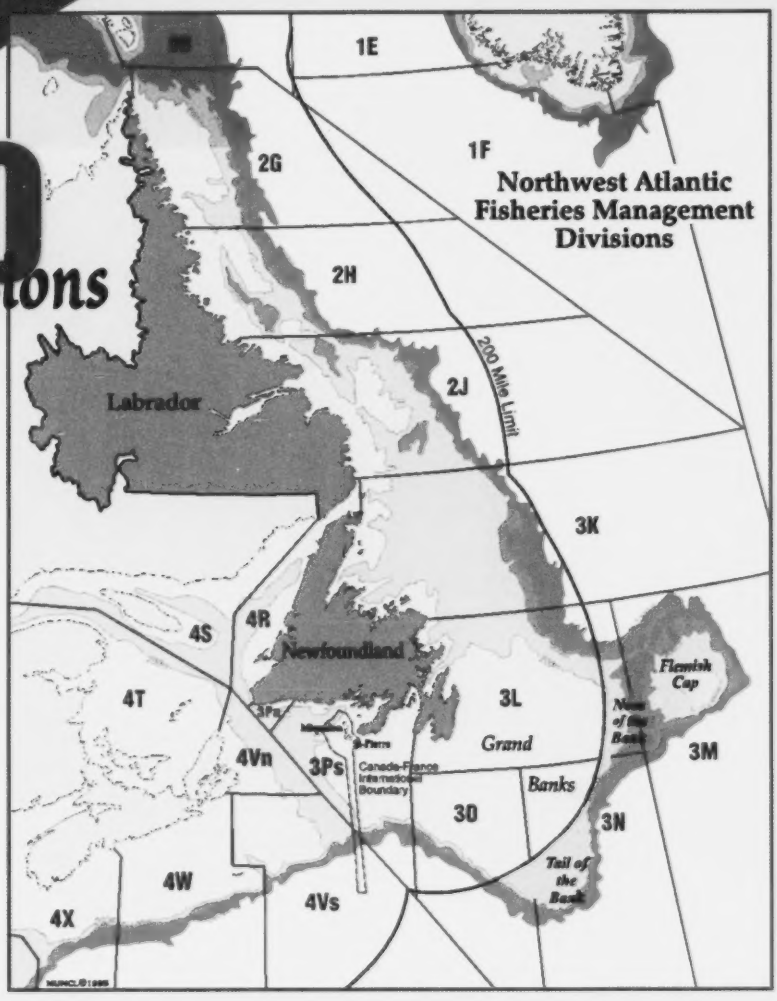
Capture Fisheries—Shellfish

Shellfish comprised 59.6% of fish landings and 84.0% of landed value in 2010. Overall, shellfish landings increased 7.7% in 2010 to over 179,600 tonnes compared to the previous year. The associated landed value rose 4.8% to $368.7 million. Increased shrimp catches and higher raw material prices for shrimp primarily accounted for the growth.

The volume of shrimp landed increased significantly in 2010 due to increased fishing effort. This occurred despite a 28.0% reduction in the shrimp quota on the Northeast coast. Compared to 2009, total shrimp landings were up 22.4% to 95,100 tonnes in 2010, while total value was up 27.4% to $139.2 million. Inshore and offshore shrimp landings increased by 20.1% and 27.3% respectively. The average landed price for inshore and Gulf shrimp was $0.48/pound in 2010, up from $0.42/pound in 2009.

Snow crab landings totalled just over 52,200 tonnes in 2010, down 2.3% from 2009. A price dispute in the snow crab fishery, which delayed its opening, had a limited impact on the volume landed in 2010. The total landed value decreased by 5.6% to $155.4 million.

NAFO Divisions



Most of the quota was taken with the exception of about 2,000 tonnes in NAFO Division 3K (see map). Efforts to harvest the quota in this area were impacted by the delayed opening. In 2010, the negotiated minimum price to harvesters for snow crab was $1.35/pound compared to a minimum price of $1.40/pound the year before.

Surf clam landings totalled 22,800 tonnes in 2010 with a landed value of approximately $42.0 million. Both landings and value in this fishery declined by 7.7% compared to 2009. Both lobster and whelk landings were essentially on par with 2009. Approximately 2,500 tonnes of lobster were landed in 2010, valued at $18.1 million. Whelk landings totalled over 5,000 tonnes, valued at $5.5 million. Improved market prices for whelk in 2010 increased the landed value by 20.9% over 2009.

Capture Fisheries—Groundfish

Groundfish accounted for 13.0% of landings in the capture fisheries in 2010 and 11.5% of the total value. While groundfish landings were on par with 2009 at about 39,100 tonnes, the landed value in 2010 increased by 1.4% to $50.5 million. Cod, turbot and yellowtail flounder were the primary groundfish species landed in the province in 2010.

Approximately 12,000 tonnes of cod were landed in 2010 valued at $12.3 million. Compared to 2009, this represented a 16.9% decrease in landings and an 18.1% decrease in landed value. The cod fishery was impacted by quota reductions in NAFO Divisions 3Pn4RS and lower catches in NAFO Division 3Ps. An increase in turbot and yellowtail flounder landings more than offset the decline in cod catches. Turbot landings increased 10.0% to 11,500 tonnes in 2010, while yellowtail flounder catches increased by 47.7% to 8,000 tonnes as a result of increased effort.

Capture Fisheries—Pelagics

In 2010, the pelagic fisheries accounted for 27.4% of the total landings for the capture fisheries and 4.2% of the total landed value. Overall landings decreased to 82,700 tonnes in 2010, down 13.4% from 2009. The associated landed value was $18.6 million, representing a 10.8% decrease from 2009.

Capelin, mackerel and herring landings declined in 2010. Total capelin landings fell by 27.1% compared to 2009 (from 33,200 tonnes to 24,200 tonnes) due to lower catches in NAFO Division 3K. Overall, mackerel landings decreased to 32,400 tonnes in 2010, down 5.5% from 2009. Herring landings fell to 26,000 tonnes, down 6.7%.

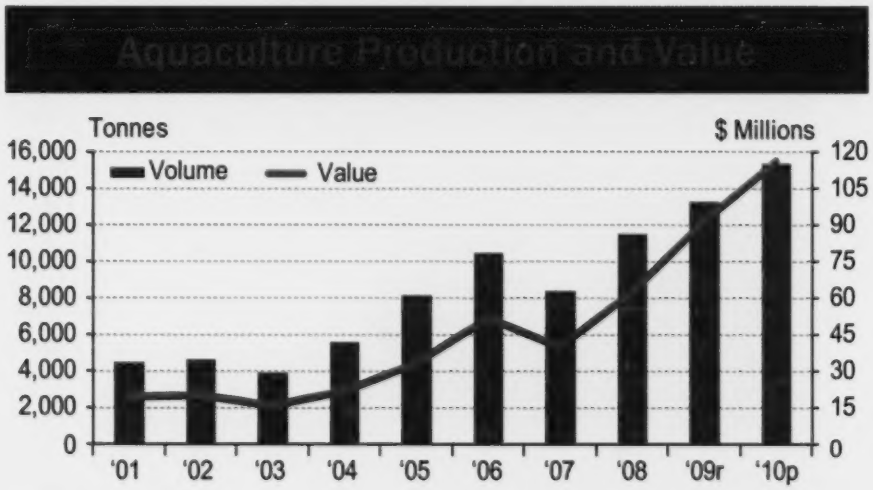
Capture Fisheries—Seals

There was an improvement in the seal harvest in 2010 even though landings remained low compared to historical levels. In total, about 67,000 seals valued at $1.3 million were harvested in 2010. This represented an increase of 25.2% in harvest levels and an increase of 53.0% in value compared to 2009. The average landed price per pelt in 2010 was approximately $19/pelt compared with $14/pelt in the previous year. Despite the improved performance in 2010, results were well below the $6.7 million earned from the harvest of 208,000 seals in 2008. The seal industry continues to be challenged by restrictions on the sale of seal products to some countries. However, a recent trade agreement between China and Canada is expected to expand market opportunities.

Aquaculture Sector

The aquaculture industry in the province continued to grow in 2010. Newfoundland and Labrador is currently the third largest aquaculture producer by value among the provinces, next to British Columbia and New Brunswick. The province's industry focuses on three primary species: steelhead trout, Atlantic salmon and blue mussels.

Total aquaculture production was 15,400 tonnes in 2010, up 12.7% compared to 2009. The corresponding market value was $116.3 million, up 26.1% from 2009 (see chart). This rise was mainly driven by growth in the production of Atlantic salmon. In 2010, salmonid production reached 12,900 tonnes, valued at $110 million in the marketplace. A shortfall in the international supply of farmed salmon, caused by problems in Chile's



r: revised, p: preliminary
Source: Department of Fisheries and Aquaculture

aquaculture industry, has created opportunities in the U.S. marketplace. The mussel sector continues to address marketing issues but is starting to see markets slowly recover. In 2010, mussel production totalled approximately 2,500 tonnes, valued at $6 million. Last year, the provincial government and the mussel industry identified market constraints and opportunities and are currently implementing strategies to facilitate market development and growth.

In support of the growing salmonid sector, the province led the development of key strategic infrastructure initiatives in 2010. Specifically, marine infrastructure has been improved through wharf construction in Hermitage and Pool's Cove, and the acquisition of wharves in St. Alban's and Milltown through the Government of Canada's Divestiture Program. To secure fish health within the industry, construction of the Centre for Aquaculture Health and Development in St. Alban's began in 2010 with completion anticipated in 2011. The province also supported the construction of two salmonid hatcheries to promote biosecurity and improve access to smolts. The hatchery in St. Alban's was completed in 2010, while construction on the hatchery in Stephenville will be completed in late 2011.

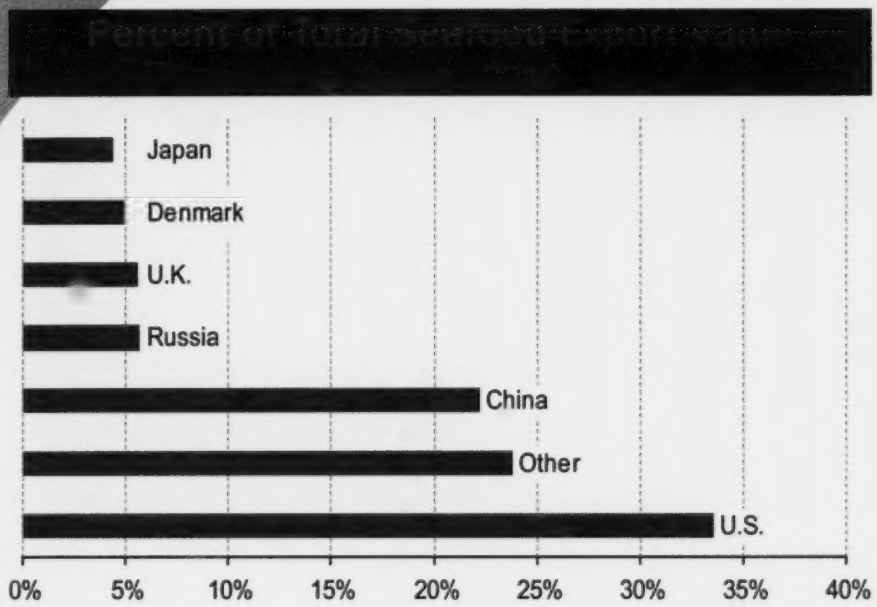
Processing and Marketing

There were 121 seafood facilities operating in the province in 2010. Overall, 102 of these were engaged in primary processing, four in secondary processing, five specialized in aquaculture, and 10 were retail outlets. Seafood production for the year totalled 167,300 tonnes, down 5.9% from 2009.

Newfoundland and Labrador seafood products were exported to over 50 countries in 2010. Demand for the province's seafood was stimulated by increased global seafood consumption and the economic recovery.

The U.S. and China remained the largest international markets for the province's seafood products in 2010, accounting for 33.6% and 22.2% respectively of export value. Other major markets included Russia, the United Kingdom (U.K.), Denmark, and Japan (see chart on page 32). Snow crab accounted for $302 million (or 38.8%) of export value in 2010, while shrimp accounted for $237 million (or 30.3%).

The market price for snow crab rebounded in 2010, from a low of US$3.40/pound in January 2010 to US$5.50/pound in December 2010. Overall, the yearly average was US$4.52, up 33.3% from 2009. The largest markets for snow crab in 2010 were the U.S. and China, accounting for 61.5% and 33.9% of the total export value



Source: Department of Fisheries and Aquaculture; Statistics Canada

respectively. China has replaced Japan as the second largest importer of the province's snow crab since 2000. However, much of the snow crab that is shipped to China is ultimately consumed in Japan.

Average shrimp market prices improved in 2010, after dropping off somewhat in 2009. The average market price for 150-250 count cooked and peeled coldwater shrimp was US$3.77/pound, up 10.9% from 2009, while the average market price for the 250-350 count rose 7.0% to US$3.45. In 2010, the major markets for the province's cooked and peeled coldwater shrimp were the U.K., Denmark and the U.S., while Russia, Iceland and Denmark were the principal markets for offshore frozen shrimp.

Overall, market prices for cod and pelagic species remained steady in 2010. The bulk of cod exports went to markets in the U.S. and U.K. The major markets for capelin in 2010 were Taiwan, China and the U.S. The U.S. accounted for 82.6% of the market value of herring while the principal markets for mackerel were China, Georgia and Taiwan.

Fishery 2011 Outlook

Starting January 2010, the 2010-2012 Autonomous Tariff Rate Quota (ATRQ) for cooked and peeled shrimp dropped the 6% tariff on the first 20,000 tonnes entering the European Union (EU). In addition, the ATRQ added yellowtail flounder into the flatfish category, which has a 10,000 tonne quota at no tariff. Past EU tariffs on yellowtail flounder were as high as 15%. The province's seafood producers will continue to avail of the ATRQ in 2011.

The EU Parliament implemented legislation to ban the import of seal products into EU countries on October 25, 2010. The Government of Canada took action through the World Trade Organization (WTO) to overturn the ban on the grounds that it is in violation of the international trade agreement. A second round of WTO consultations occurred December 1, 2010 in Brussels. Canada has recently received the WTO approval to establish a dispute settlement panel on the EU ban. Despite the current ban in the EU, there remain significant development opportunities in markets such as Russia and China. The province continues to work with the sealing industry to develop and promote seal products in these markets.

Total fish landings in 2011 are expected to be slightly lower than 2010.

Market prices are expected to remain strong as the global economy continues to recover from the recent economic recession.

Snow crab prices paid to harvesters are expected to be the highest in seven years.

Demand for coldwater shrimp is expected to continue to increase as exports to Russia, China, Ukraine and Iceland improve.

A high Canadian dollar and high fuel costs will continue to present challenges to harvesters and producers.

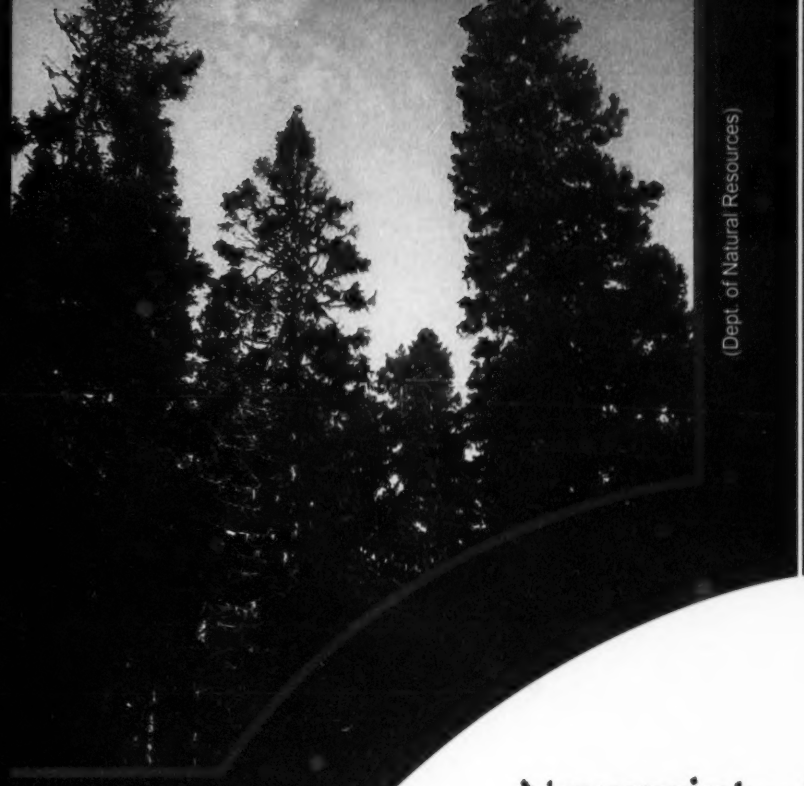
Further expansion of the salmonid sector is expected and markets are anticipated to remain strong.

Mussel production and market value are expected to be on par with 2010.

Improved exports of seal products to China are expected as a result of an agreement between Canada and China signed in January 2011.

The fish processing sector will benefit from several investments in 2011 including:

- Construction of a new crab processing plant in Mary's Harbour by the Labrador Fishermen's Union Shrimp Company.
- Establishment of a shellfish by-product processing program in Old Perlican by Quinlan Brothers Limited.
- Establishment of a shellfish by-product processing facility in Twillingate by Eastern Star Group Canada Inc.



(Dept. of Natural Resources)

Forestry and Agrifoods

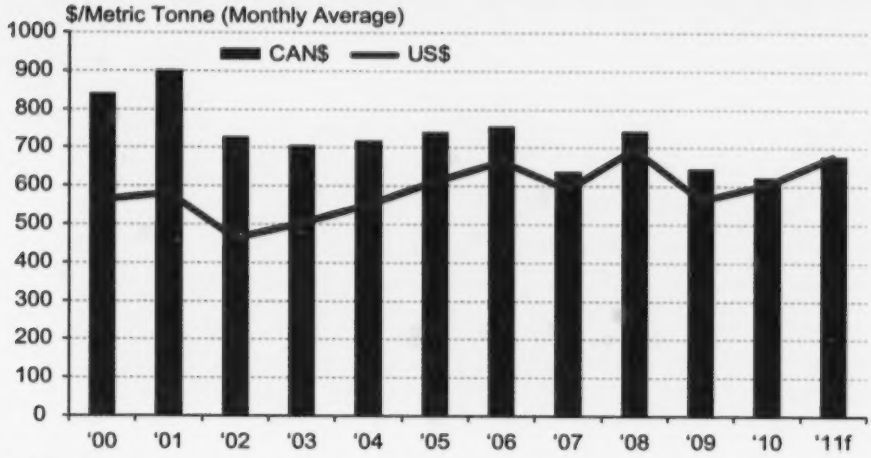
Newsprint—North America

The North American newsprint industry continued to face declining domestic demand in 2010 and, increasingly, relied on offshore export markets to bolster shipments. U.S. newspaper circulation declined, indicating that traditional newspaper readership continues to fall as people increasingly acquire news electronically. Total newsprint consumption in the U.S. declined by 8.7% in 2010 with consumption by U.S. dailies down 8.0%. In contrast, industry insiders reported solid increases in offshore exports, particularly to Latin America and Asia. Offshore exports now account for one-third of North American newsprint shipments, a significant shift in market orientation compared to a few years ago when these markets accounted for less than 20% of shipments.

Growth in offshore exports and considerable capacity reductions in recent years (to stabilize the industry and raise prices) have facilitated improvements in key industry indicators. North American newsprint production rose 5.2% in 2010 and shipments increased 5.9%. Canadian and U.S. newsprint mills operated at 92% and 89% capacity respectively in 2010 compared with annual rates of 75% and 77% in the previous year.

Newsprint prices increased in 2010. After bottoming out at around US$435/tonne in the third quarter of 2009, newsprint prices posted solid gains. By the fourth quarter of 2010 prices were reported to be around US$640/tonne. However, the price gains experienced last year were eroded for domestic producers by the appreciating Canadian dollar as indicated in the chart.

Newsprint Prices



f: forecast
Source: TD Bank Financial Group; Bank of Canada; Department of Finance

Newsprint—Province

The provincial newsprint industry has faced many of the same challenges as the North American industry. Montreal-based AbitibiBowater closed its Stephenville mill in 2005 and its Grand Falls-Windsor mill in March 2009. Consequently, the Corner Brook mill, operated by Corner Brook Pulp and Paper Limited, is currently the only newsprint operation in the province. The company presently operates two paper machines (PM No. 2 and PM No. 7) with a combined rated capacity of 260,000 tonnes per year.

Newsprint shipments totalled just over 259,100 tonnes during 2010, a decrease of 2.0% from 2009. This decline was due to the closure of the Grand Falls-Windsor mill that produced roughly 21,000 tonnes of newsprint in 2009. The estimated value of newsprint shipments was down by about 5% in 2010, reflecting lower volume and the stronger Canadian dollar.

Lumber

The volume of lumber production in the province increased by about 26% in 2010 to about 77 million board feet reflecting improved markets and prices. While this was a significant increase, it was still well below peak annual production levels of more than 140 million board feet reached eight years ago. The provincial lumber industry, like the North American industry, was hit hard by the downturn in the U.S. and Canadian housing markets in 2009 and the subsequent drop in lumber prices. Residential construction in Canada made a comeback in 2010, but U.S. housing demand remained historically low.

Despite the continued weakness in the U.S., lumber prices made significant gains in 2010 largely due to increased Chinese demand and curtailed production. Prices averaged US$256/thousand board feet (tbf) last year, up from an average of US$181/tbf in 2009. The estimated value of provincial lumber production in 2010 grew by 47% to $25 million.

Lumber production is expected to continue to recover in the near-term, reflecting modernization initiatives by several of the province's larger sawmills and the potential reactivation of some idled capacity. There is also an acknowledgement by industry stakeholders that the long-term viability of the sawmill sector can only be ensured through market diversification and an expanded product line. To this end, a marketing strategy is being coordinated by the province. The strategy will benefit all integrated sawmills in the province and support value-added wood enterprises. It will identify and develop overseas markets to reduce Newfoundland and Labrador's reliance on U.S. markets.

An example of diversification and expansion in the provincial forest products industry is the introduction of wood pellet manufacturing. The production of wood pellets from sawdust, tree bark and planer shavings is providing sawmill operations with opportunity to improve their financial position and create employment opportunities in rural communities. The wood pellet industry has been growing globally. Market interest in new wood fuel products has been sparked by the volatility in world oil prices and consumer desires for cleaner, more efficient heat sources. The industry is currently in its early stages of development in this province. In 2010, there were two producers of wood pellets with a combined annual capacity of 12,000 tonnes. This is expected to increase to three producers in 2011 with annual productive capacity of 52,000 tonnes.

Agrifoods—Farm Cash Receipts

The estimated value of farm receipts increased by more than 8% to $115.2 million in 2010, reflecting higher values for both crop and livestock production. Livestock and livestock products, which account for over 80% of farm receipts, were up almost 8% to $94.1 million. According to published data, higher receipts for fur and egg production were important contributors to the livestock increase. Fur receipts, at $7.1 million, were more than double the 2009 figure reflecting improved pricing and a rebound in the mink industry following disease-related challenges in recent years. Egg production receipts increased 6.0% to $14.6 million. Although farm receipts for chicken production are no longer published, data from the Chicken Farmers of Canada indicate that the volume of chicken p[illegible]duced in the province increased 3.9% to 13.7 million kilograms in 2010. Dairy receipts were valued at $44.5 million in 2010. According to the dairy industry, production was slightly higher than 2009. Crop production increased 8.7%, reaching $20.4 million last year, as higher receipts for floriculture/nursery products and other vegetables more than offset lower potato receipts.

Agrifoods—Fur Farming

The fur industry in Newfoundland and Labrador was valued at over $7 million in 2010. With 17 farms in active operation, the industry employs over 100 full-time and 300 part-time employees throughout the province. There are a variety of fur species raised on fur farms, primarily mink and fox, with some sable and lynx.

Fur is a global commodity and prices can vary greatly from year to year. More than 95% of pelts produced in this province are sold through international auction houses such as North American Fur Auctions, the Seattle Fur Exchange and Kopenhagen Fur. In the past year, the main buyers at auction were from China/Hong Kong, Greece, Korea and Russia. Fur has been in vogue for several years now, with emphasis on fur accessories and trim. Several major fashion designers featured fur in their collections in 2009 and 2010.

The Newfoundland and Labrador fur industry has advanced greatly in recent years. Fur farm receipts in 2010 were more than double the previous year's value and have rebounded to levels slightly better than 2008. The main reason is improved pricing of pelts at auction. As well, on-farm fur inventories are recovering after the discovery of Aleutian Disease on several farms in 2007. To aid producers in combating the disease, the Provincial Government introduced the $5.4 million Aleutian Disease Management Program that provided funding from 2007-2009. Other programs provided by the provincial government to assist and develop the industry include the Provincial Agrifoods Assistance Program and Growing Forward.

Forestry & Agrifoods 2011 Outlook

Newsprint shipments this year are expected to be about the same as last year, approximately 260,000 tonnes.

Lower capacity in North America and Europe is expected to lead to higher newsprint prices. Some analysts are calling for prices to rise between 12% and 13% for the year.

Lumber production is expected to increase around 25%, mainly reflecting improved prices and sawmill modernization initiatives.

Farm cash receipts are expected to post modest gains.

Prices for fox and mink pelts are expected to be 20% to 30% higher than last year and pelt production is projected to increase.

St. David's

Labrador Iron Mines Holdings Ltd.
(Dept. of Natural Resources)

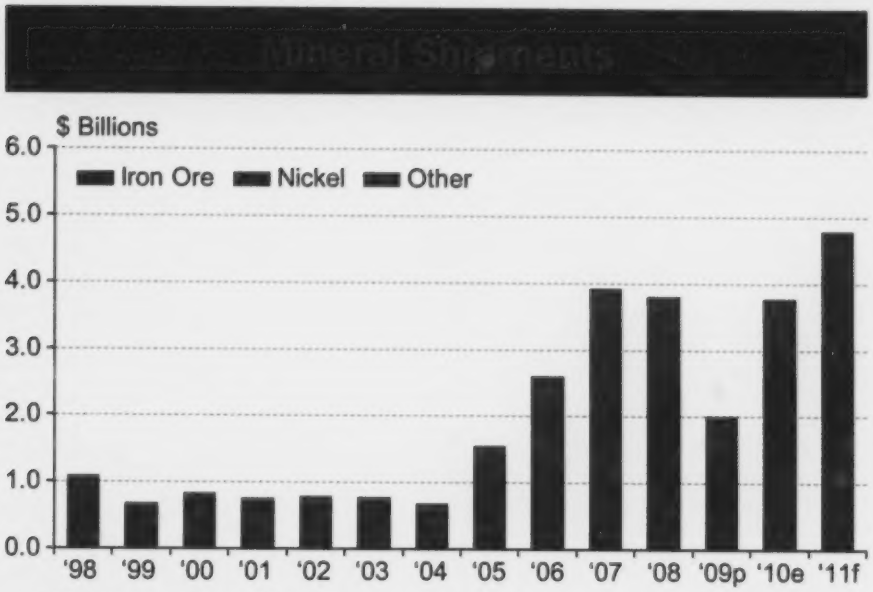
The mining industry rebounded sharply in 2010 following the 2009 recession. Demand and prices for mineral products increased, with many prices returning to high pre-recessionary levels. Strong demand from emerging economies such as China and India supported an increase in mineral production, especially iron ore.

The value of mineral shipments totalled $3.8 billion in 2010 (see chart), an increase of about 90% from 2009, reflecting higher production and prices. Exploration expenditures doubled largely due to investments in iron, nickel and gold prospects. Direct mining employment was unchanged at about 3,500 person years. Total mining-related employment, including employment associated with construction and development activities, increased by roughly 15% to 4,900 person years—the highest level in almost three decades.

Market Conditions

Improved economic conditions raised demand and prices for mineral products in 2010. Emerging market economies such as China, where governments have been directing considerable resources into infrastructure construction, fuelled mineral commodity demand.

Many iron ore producers moved towards short-term contract pricing practices last year. Historically, most iron ore prices were negotiated between large buyers and sellers on an annual basis with a fixed price usually set by April. Only a small part of the market used spot (immediate cash sale) markets to trade. However, price volatility during the 2009 recession exposed the iron



p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources

ore market's inability to deal with the challenges of a more dynamic market. Contracts are now being negotiated on a quarterly basis and are based on prices observed in spot markets. Average iron ore prices in 2010 increased by more than 80% for concentrates and more than doubled for pellets.

Nickel and copper prices also rose substantially in 2010. Both mineral prices increased by almost 50% compared to 2009, reaching an average of US$9.88/pound for nickel and US$3.42/pound for copper.

Iron Ore

In 2010, iron ore production and value more than recouped recession-related losses of 2009 (see chart on page 41). Total iron ore shipments exceeded 19 million tonnes in 2010, an increase of 17.5% relative to 2009. Production rebounded at both IOC and Wabush Mines. The value of shipments more than doubled as a result of higher production and prices.

IOC Expansion

The expansion plan at the Iron Ore Company of Canada (IOC) consists of three phases. Phase I and Phase II are currently underway with capital costs of $539 million and $289 million respectively.

Phase I includes a new in-pit crusher, a 6.8 km conveyor, a new grinding mill and improvements to the storage barn. This phase of the program will increase annual production from 18 to 22 million tonnes and is expected to be completed by 2012.

Phase II started in February 2011. This phase includes an additional mill for magnetite processing, additional spiral lines for the primary recovery circuit and the associated equipment and services for these additions. Phase II will add an additional 1.2 million tonnes to annual production and is planned for commissioning by the end of 2012.

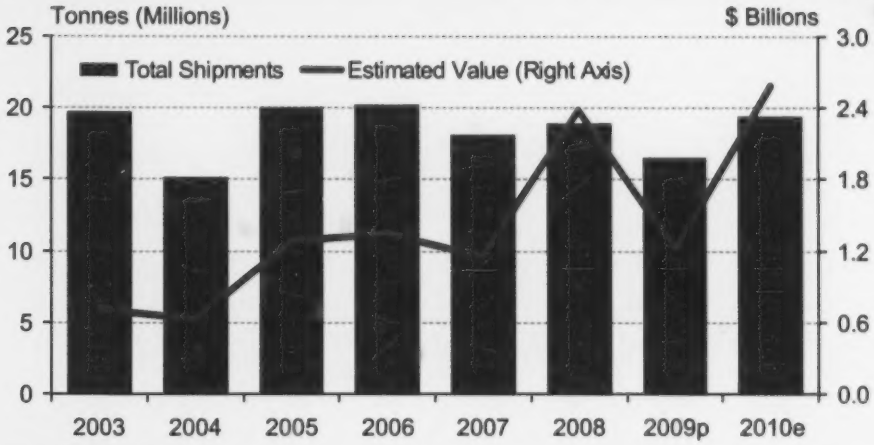
Phase III is currently under consideration. A pre-feasibility study revision will take place in 2011 with the possibility of this phase starting later this year. This phase includes additional spiral lines, and the expansion and redesign of the hematite plant. Phase III would increase annual production to 26 million tonnes and, if implemented, would be commissioned by the end of 2015.

IOC's three-phased expansion program is expected to generate 700-800 direct jobs during construction and 90-120 direct jobs once operational. At 2010 prices for iron ore, and when fully implemented, the expansion would generate almost $1 billion in additional mineral value annually.

IOC announced the resumption of its expansion plan (see above) to increase its annual capacity from 18 to 26 million tonnes. The expansion program was postponed in December 2008 as a global recession took hold and iron ore demand weakened.

Iron ore production at Wabush Mines also rebounded in 2010. Wabush Mines plans to make significant investments over the next two years. Capital expenditures of $30 to $35 million are planned to replace existing equipment and to acquire new equipment in the pit. There are also extra operational expenditures planned: $20 million will be spent to improve equipment reliability in the concentrator and up to $30 million will be spent on environmental projects. Furthermore, the full implementation of the manganese reduction project (a process that would allow the company to mine and process higher manganese ore) would mean further capital expenditures of $30 million. The manganese project could be operational within two years following an announcement of funding.

Volume and Value of Iron Ore Shipments



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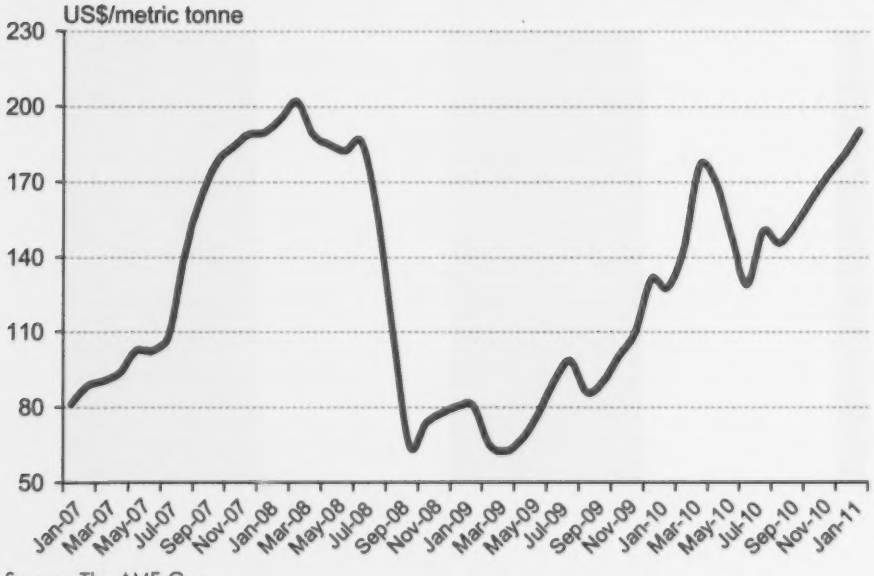
Source: Department of Natural Resources

Iron Ore Monthly Spot Prices



Source: The AME Group
Note: Indian Ore 63.5% Fe, dry basis, delivered to Chinese Northern Ports

Voisey's Bay

Production at Vale Newfoundland and Labrador Ltd.'s (VNL) operation at Voisey's Bay, Labrador was impacted in 2010 by a labour dispute that began in August 2009. The mine operated throughout the year with a reduced workforce. The company shipped over $900 million of metal concentrates in 2010, an increase of over 50% compared to 2009. This increase was mainly the result of higher prices for nickel.

On January 31, 2011 the labour dispute at the Voisey's Bay mine ended as workers accepted a new five-year contract. The agreement includes a wage increase of $4/hour for the first year, improvements to employee pension plans and a new benefits plan tied to company performance.

The construction of VNL's nickel processing facility in Long Harbour continues with site remediation, preparation of the port and infrastructure installation. Earthworks for the plant and port sites are nearing completion and engineering is almost 70% complete. Steel erection for the neutralization building, the largest building on site, is about two-thirds complete. Capital expenditures for 2010 were estimated at $441 million with employment of about 1,450 person years. The company estimates the total value of construction, over the 2009 to 2013 period, to be US$2.8 billion.

Other Mines

Anaconda Mining Inc. announced that it reached commercial gold production in September 2010 at its Pine Cove Mine in Baie Verte. Although gold was first poured in July 2008, problems in the milling process delayed announcement of commercial production. As a result, Anaconda invested $2.7 million in 2010 to redevelop the mill. Construction was completed in June and commissioning began immediately thereafter. This project is expected to employ 44 people during operations.

The Teck Duck Pond copper-zinc mine is located in Central Newfoundland. The operation benefitted from significantly higher commodity prices in 2010. Copper and zinc production at the mine

increased from 34,900 tonnes in 2009 to 35,200 in 2010. Annual employment at the operation is about 300 person years.

Beaver Brook Antimony Mine Inc. (BBAM), located in Central Newfoundland near Glenwood, operates the only antimony mine in North America. The mine reached full production in June 2010 and is expected to have a mine-life of approximately 10 years. The market price for antimony has increased dramatically—more than doubling since January 2010. The favourable price for the product and the sale of the mine in October 2009 to the biggest antimony company in the world, Hunan Nonferrous Metals Corporation, should provide stability for BBAM's concentrate sales in the future. The mine has about 100 permanent employees.

There are various other mines in the province that produce a variety of mineral products (see map on page 44). Many of these operations were affected by the recession in 2009 but benefitted from robust market conditions that prevailed during 2010.

New Developments

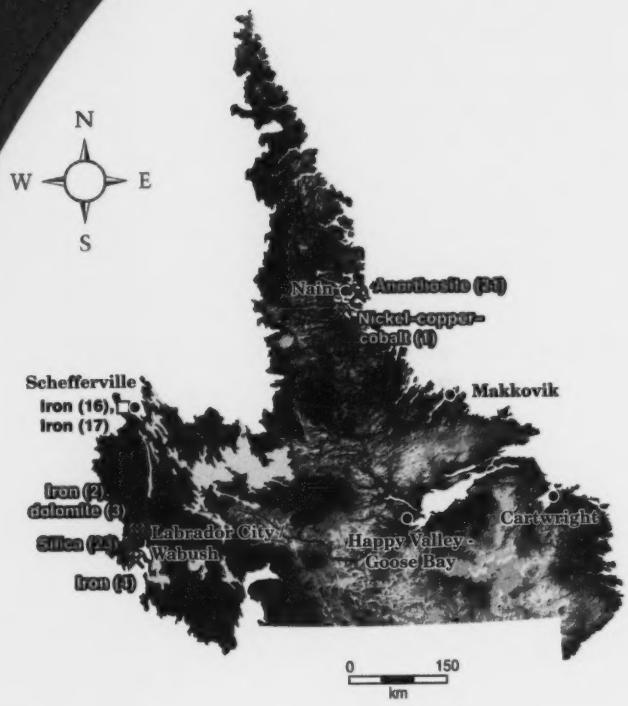
Mineral development activity in the province has been supported for several years by strong market conditions. Investment in developing properties continued in 2010 and several projects advanced.

Rambler Metals and Mining PLC continues to explore and develop mineral claims located on the Baie Verte Peninsula including the gold/copper Ming Mine. A final feasibility study, completed in late August 2010, suggested that the initial mine life could be six years with 650 tonnes of daily production. The company was released from environmental assessment and both the Ming Mine site and the mill at Nugget Pond are now in the construction phase. Project financing is in place, the majority of which will be supplied by Sandstorm Resources in exchange for 25% of the first 175,000 ounces of gold produced by the project. Production is anticipated to begin by June 2011.

Canada Fluorspar Inc. is continuing efforts to reactivate the St. Lawrence fluorspar mines located on the Burin Peninsula. The company plans

March 2011

Producing Mines and Key Mineral Properties



* Note scale differences of Labrador and Newfoundland maps

⚒ Producers

1. *Vale Newfoundland & Labrador Limited*, Voisey's Bay
2. *Iron Ore Company of Canada*, Labrador City
3. *Iron Ore Company of Canada*, Labrador City
4. *Wabush Mines*, Wabush
5. *Teck Duck Pond Operations*, Duck Pond
6. *Beaver Brook Antimony Mine Inc.*, Beaver Brook
7. *Anaconda Mining Inc.*, Pine Cove
8. *Hi-Point Industries (1991) Ltd.*, Bishop's Falls
9. *Atlantic Minerals Limited*, Lower Cove
10. *Newfoundland Pyrophyllite*, Manuels
11. *Hurley Slate Works Company Inc.*, Burgoynes Cove
12. *Galen Gypsum Mines Limited*, Coal Brook

□ Under development

13. *Canada Fluorspar (NL) Inc.*, St. Lawrence
14. *Continental Stone Limited*, Belleoram
15. *Hi-Point Industries (1991) Ltd.*, Gander Bay
16. *Labrador Iron Mines Holdings Limited*, Western Labrador
17. *Tata Steel Minerals Canada Ltd.*, Elross Lake
18. *Peat Resources Limited*, Stephenville
19. *Rambler Metals and Mining Canada Limited*, Baie Verte
20. *Vale Newfoundland & Labrador Limited*, Long Harbour Hydromet Plant

⚒ Inactive

21. *Torngait Ujaganniavingit Corporation*, Ten Mile Bay
22. *Terra Nova Granite (2007) Inc.*, Jumpers Brook
23. *Shabogamo Mining & Exploration Limited*, Labrador City

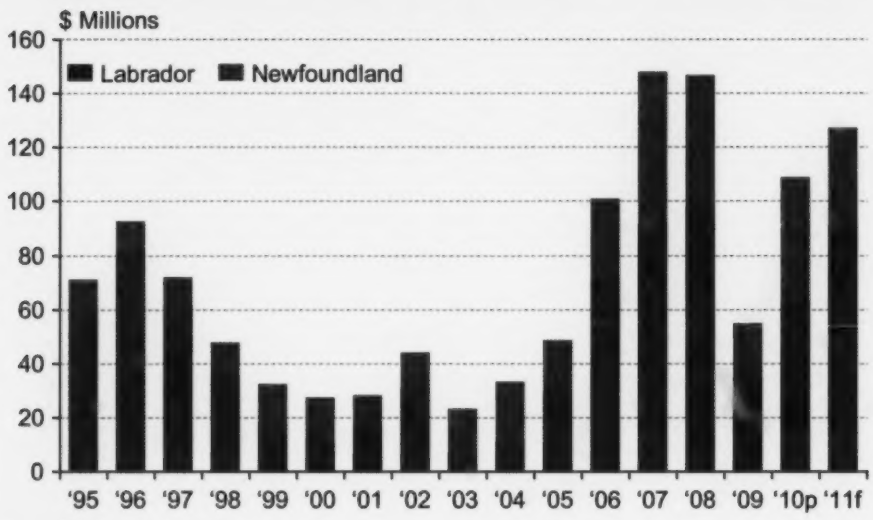
to develop and mine two underground veins; complete upgrades to the existing mill; and construct a tailings management facility and a new marine terminal. The project was released from further environmental assessment in the fall of 2010 and the company has announced that it raised $5.5 million to advance the project. Production is anticipated to begin by Q2 2013. Employment is expected to be about 300 person years during construction and 150 during operations.

Labrador Iron Mines Holding Ltd. is developing a project to mine and process high grade, direct shipping iron ore in northwestern Labrador. The project was released from environmental assessment and a number of operating permits were issued. The project is now in its construction phase with infrastructure and plant construction nearing completion. The initial life of the mine is five years with a possible extension up to 15 years if nearby deposits are mined. Production is projected to begin in the second quarter of 2011 and about 110 jobs will be created once the project is operational.

Tata Steel Minerals Canada Ltd. (TSMC), a joint venture of Tata Steel Global Minerals Pte Ltd. and New Millennium Capital Corp., is proceeding to reactivate former IOC sites near Schefferville, Quebec. The project is expected to ship about four million tonnes of iron ore annually once in full production. The processing will occur in the province with ore supplied from Newfoundland and Labrador deposits in the first two years and from both the province and Quebec beginning in the third year of operation. TSMC expects to be in production by the second half of 2012 and anticipates that approximately $225 million will be spent on the project in Newfoundland and Labrador. Employment during construction is projected to be about 255 person years with 185 jobs being created once operational.

Exploration

Newfoundland and Labrador's mining policies ranked 13th in the world, according to the 2010-2011 Survey of Mining Companies conducted by the Fraser Institute. The survey covers 79 jurisdictions and represents the opinions of executives and exploration managers in



p: preliminary; f: forecast
Source: Department of Natural Resources

mining operations around the world on how mineral endowments and public policy factors such as taxation and regulation affect exploration investment. The province has remained in the top 15 for the last three surveys indicating strong encouragement for investment in the mining sector.

Mineral exploration activity in Newfoundland and Labrador recovered strongly in 2010 following the global downturn of 2009. Mineral exploration spending increased to about $110 million, compared to a five-year low of about $55 million recorded in 2009 (see chart). Iron ore, nickel, copper and gold played a prominent role in this activity, reflecting strong demand and prices for these commodities. About 58% of 2010 exploration expenditures were invested in Labrador, with the remainder spent in Newfoundland.

The Labrador Trough iron-mining district continued to be a major focus of exploration in 2010. Alderon Resource Corp. completed a major drill program on its Kami project south of Wabush. The Department of Natural Resources also conducted a substantial program in the district at Julienne Lake (Exempt Mineral Lands).

In Newfoundland, gold and copper projects dominated the exploration scene. Rambler Metals and Mining continued exploration in support of plans to reopen the Ming Mine. The former Hope Brook gold mine is being re-evaluated by Castillian Resources. Joint ventures between Marathon Gold/ Mountain Lake Resources at Valentine Lake and Golden Dory Resources/Paragon Minerals at Huxter Lane produced new and significant gold resource estimates at these projects. The Thundermin Resources/ Cornerstone Capital joint venture also published a new resource estimate at its Little Deer copper project in 2010.

A significant development in 2010 was the launch of new exploration programs for rare-earth elements (REEs) and rare metals in central and western Labrador, and in western and southern Newfoundland. These commodities are key ingredients in a wide variety of green and high-technology applications. Demand for REEs and rare metals has been increasing in recent years, however, supply of these commodities has been constrained by export restraints from China (which produces the majority of world supply).

In other key indicators of exploration activity, a total of 32,197 claims were staked in 2010 representing a substantial increase over 2009. Drilling activity also increased to about 180,000 metres, up from about 140,000 metres in 2009.

Mining 2011 Outlook

Demand for minerals is expected to remain robust in 2011 as emerging markets continue to record strong economic growth.

The value of mineral shipments is expected to increase about 27% to $4.8 billion that, if realized, would be the highest on record.

Increases in the production of iron ore, nickel, copper and gold, as well as higher commodity prices, are expected.

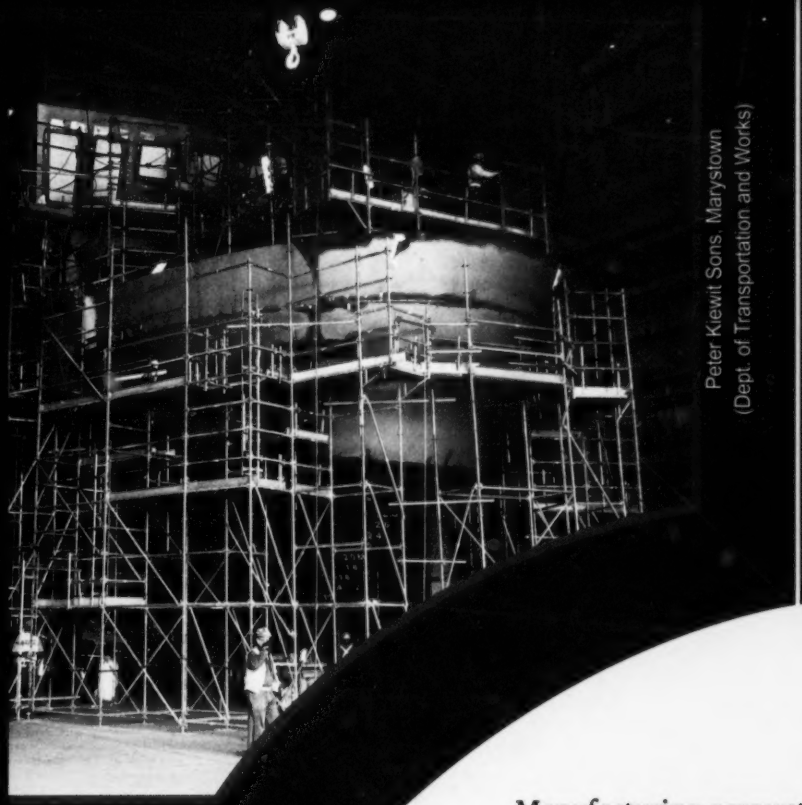
Production of iron ore is expected to increase as Labrador Iron Mines begins production.

The value of production at Voisey's Bay is expected to increase approximately 50% due to higher prices and an increase in production from strike-depressed levels last year.

Construction of Vale's nickel processing plant in Long Harbour will continue with completion of the main neutralization building as well as development of the plant and port sites. Over US$800 million in expenditures are planned for 2011.

Exploration expenditures are expected to increase about 17% to $127 million.

Total mining-related employment is expected to increase more than 20%.

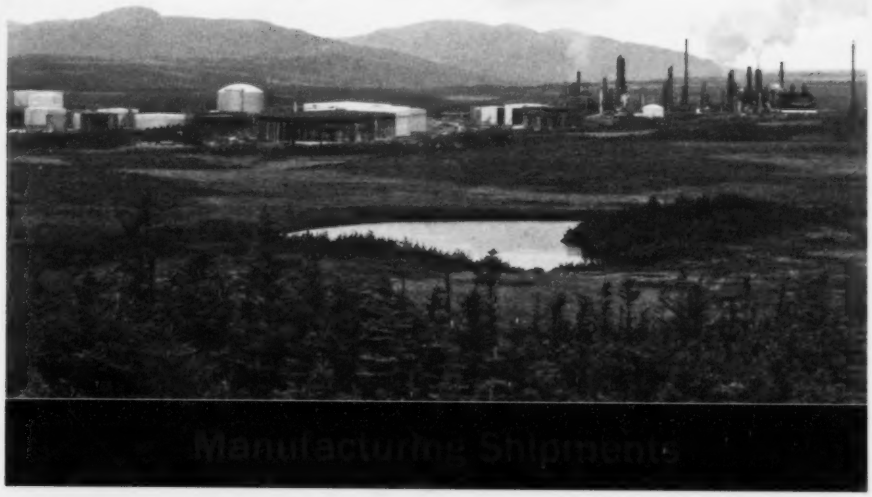


Peter Kiewit Sons, Marystown
(Dept. of Transportation and Works)

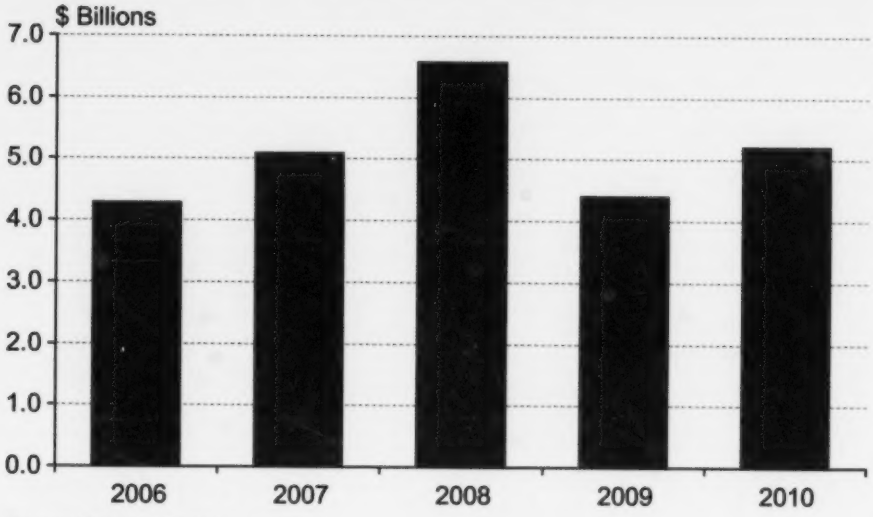
Manufacturing accounts for about 4% of GDP and 5% of total employment in the province. There are many manufacturers in the province producing a wide variety of products, however, most activity is concentrated in three major groups—food processing (mainly fish), newsprint and refined petroleum.

The value of provincial manufacturing shipments rebounded last year mainly due to higher prices for refined petroleum and fish products. The value of shipments rose to about $5.2 billion in 2010, a 17.7% increase over 2009. Nationally, the value of manufacturing shipments rose almost 9% in 2010.

Harvest Operations Corp. operates the North Atlantic refinery—the only oil refinery in the province and one of three refineries in Atlantic Canada. Both the volume and value of refined petroleum output in the province increased in 2010. The refinery produced about 30.9 million barrels of refined petroleum products, up 2.1% from 2009. According to Industry Canada, the value of refined petroleum product exports increased almost 24% in 2010 compared to the previous year. Harvest is spending $300 million on a debottlenecking project that will increase the refinery's overall capacity by an average of 5,000 barrels of oil per day. The project will also increase product yield value and reduce both overall energy needs and greenhouse gas emissions. The project began in November 2010 and is scheduled to be completed in 2013. The refinery employs almost 700 people.



Manufacturers' Shipments



Source: Statistics Canada

The value of manufactured fish products increased about 30% in 2010. Improved global demand for seafood, higher market prices for crab and shrimp, and an increase in aquaculture production contributed to growth in 2010 (see *Fishery* for details).

The volume of provincial newsprint shipments declined to about 259,100 tonnes in 2010, a decrease of 2.0% compared to 2009. This reflected the closure of the Grand Falls-Windsor mill during the first quarter of 2009. The estimated value of newsprint shipments decreased by about 5% (see *Forestry and Agrifoods* for details).

Employment in the manufacturing sector declined in 2010. Employment averaged 9,800, representing a decrease of 16.2% compared to 2009. Losses were recorded in both the fish processing and non-fish processing sectors.

Manufacturers
Recent Developments

Harvest Operations Corp.—North Atlantic Refining Ltd.
- Investing $300 million for a debottlenecking project that will be completed in 2013 (Come By Chance)

Vale
- Investing US$817 million in 2011 for the continuing construction of a nickel processing plant (Long Harbour)

Quinlan Brothers Ltd.
- Establishing a $6.5 million shellfish by-product processing program (Old Perlican)

Northstar Networks Ltd.
- Signed a letter of intent to collaborate with DEW Engineering and Development on a number of Canadian defence projects (St. John's)

Rutter Technologies
- Secured a US$1.3 million order for its oil spill detection system that will be completed in April 2011 (St. John's)

Eastern Star Group Canada Inc.
- Establishing a shellfish by-product processing facility (Twillingate)

Kiewit Offshore Services
- Constructing two provincial ferries—one currently in sea trials and the other to be delivered to the provincial government in Spring 2011 (Marystown)

Argentia Metal Works
- Will complete renovations to a 50,000 sq. ft. building to manufacture steel pressure containers in the first quarter of 2011 (Argentia)

Labrador Fishermen's Union Shrimp Company Ltd.
- Constructing a new facility to replace an older crab processing plant (Mary's Harbour)

Jendore Ltd.
- Expected to complete a $3.0 million expansion of an existing pipe fabrication facility in the first quarter of 2011 (St. John's)

Manufacturing 2011 Outlook

Investment in manufacturing remains robust. In addition to capital spending at the refinery, manufacturing investment has been bolstered by the US$2.8 billion (US$441 million invested in 2010) development of Vale's nickel processing plant in Long Harbour. Data on total manufacturing investment in 2010 is confidential, however, it was likely at its highest level ever. While the bulk of investment is concentrated in large-scale commodity processing, other manufacturers (those that provide finished products to smaller, more specialized markets) are also expanding their operations. Some recent developments in manufacturing are outlined on the previous page.

The value of manufactured products is expected to increase in 2011 as a result of higher prices for refined petroleum, fish products and newsprint.

.....

The manufacture of fish products is expected to benefit from a modest improvement in market prices.

.....

Newsprint production is expected to remain on par with levels recorded in 2010 and prices are expected to rise.

.....

The manufacturing industry will continue to be challenged by rising fuel costs and a high valued Canadian dollar.

.....

Manufacturing investment will remain high in 2011 as construction activity related to the Long Harbour nickel processing plant peaks. Expenditures of over US$800 million are anticipated on this project this year.

.....

Harvest Operations Corp. anticipates spending approximately $190 million on capital projects at the North Atlantic refinery in 2011.

.....

Muskrat Falls (Nalcor Energy - Lower Churchill Project)

The Lower Churchill Project is an opportunity for a brighter and cleaner electricity future for Newfoundland and Labrador. In November 2010, Nalcor Energy and Emera Inc. reached an agreement to develop the Muskrat Falls portion of the Lower Churchill Project. Considered the most attractive undeveloped hydroelectric resource in North America, the combined generating capacity of the Project's Gull Island and Muskrat Falls installations is over 3,000 megawatts (MW).

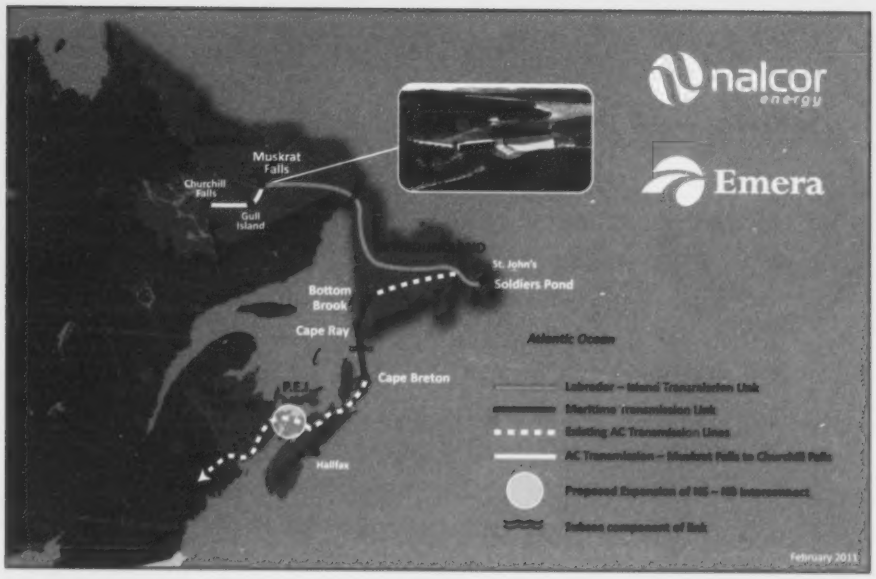
A deal to remember

The agreement includes the development of the Muskrat Falls generating facility in Central Labrador, the Labrador-Island Transmission Link and a new Maritime Transmission Link between Newfoundland and Nova Scotia. The Muskrat Falls development has a capacity of 824 MW and can produce 4.9 terawatt hours (TWh) annually.

Electricity from the Muskrat Falls generating facility, through the Strait of Belle Isle, will reach the island of Newfoundland to meet the island's growing electricity needs. Electricity from Muskrat Falls will also be available for recall use for industrial developments in Labrador. After the electricity needs of the province have been met, Nalcor will transmit a block of electricity to Nova Scotia Power, a subsidiary of Emera, across the Cabot Strait into Cape Breton, Nova Scotia.

Phase One

After years of planning and analysis, Nalcor's subsidiary, Newfoundland and Labrador Hydro (Hydro), determined that developing Muskrat Falls is the least-cost solution to a looming electricity shortage in



the province, which is expected in the next five to 10 years. In 2015, Newfoundland and Labrador will reach a capacity deficit when, at peak times, capacity needs may not be met. By 2019, the province will experience an electricity deficit, where the province's overall electricity demand is greater than what is available.

Hydro assessed the options for new generation sources to avoid the capacity and electricity deficits. The Muskrat Falls project, coupled with a transmission link project to the island, was determined to be the least-cost option. Of the 4.9 TWh of available electricity, 40% will service the needs of Newfoundland and Labrador, 20% will be transmitted to Nova Scotia under a 35-year contract with Emera, and the outstanding 40% will be sold into the market through Atlantic Canada and New England, or available to support and attract industrial development in Labrador.

Transmission access to Nova Scotia, New Brunswick and through to New England with the ability to sell surplus electricity to export markets enhances the sustainability of Muskrat Falls. Even without the Maritime Link and the ability to transmit electricity into Atlantic Canada and New England, the Muskrat Falls development is the least-cost option to meet Newfoundland and Labrador's electricity needs. The project's business case is not dependent on export electricity sales.

The agreement between Nalcor and Emera includes equity investments by Emera in the Maritime Link project and the Labrador-Island Transmission Link project, provision of electricity to Nova Scotia Power and construction of a Maritime Transmission Link project between the provinces.

Nalcor will build and own 100% of the Muskrat Falls generating facility and Labrador transmission. Nalcor will build the Labrador-Island Transmission Link and retain 71% ownership, and 51% ownership of all transmission. The ability to export electricity also paves the way for other opportunities to export and facilitate the development of the province's renewable resources, such as hydro and wind.

Out with the old, in with the clean

Hydro's Holyrood Thermal Generating Station, Conception Bay South

In its Energy Plan, *Focusing our Energy*, the Government of Newfoundland and Labrador committed to develop the Lower Churchill Project to include a transmission link from Labrador to the island to replace oil-fired generation from the Holyrood Thermal Generating Station. In the event the lower Churchill development and transmission link did not proceed, Government made a commitment in the Energy Plan to install emissions control equipment at the Holyrood plant.

The plant has been instrumental in providing electricity to island consumers for over 40 years and is nearing the end of its operating life. Once the Muskrat Falls generating facility and Labrador-Island Transmission Link is in service, the Holyrood plant will no longer burn fuel to generate electricity. The plant is required to meet the growing electricity needs on the island until at least 2017 and will require significant capital upgrades and life-extension work over the coming decade until it is replaced by electricity from Muskrat Falls. These capital investments, increased electricity demand, as well as the rising cost and volatility of fuel, are significant factors in the analysis and determination to develop Muskrat Falls to meet the province's electricity needs.

Benefits abound

Developing the Muskrat Falls site and Labrador-Island Transmission Link means the provincial electricity system will be 98% carbon-free, renewable energy – an impressive statement few jurisdictions in the world can claim. The development will avoid approximately 96 million tonnes of emissions by 2065, a substantial amount for a province of this size.

During construction, the projects will see 8,600 person years of direct employment in Newfoundland and Labrador, in more than 70 occupations. Of those 8,600 person years, 5,400 will occur in Labrador. One person year represents 2,000 hours of work per year—the equivalent of someone working for 40 hours per week, for 50 weeks. With indirect and induced employment, the number of person years of work in the province will total 18,400, of which 7,500 will occur in Labrador. The Benefits Strategy provides first

consideration to members of Labrador's Innu Nation, then qualified residents of Labrador before those from other areas of the province. More than 75% of direct labour for the Muskrat Falls generating facility will happen in Labrador.

It is estimated that peak employment during construction will reach 2,700 people in 2013. After construction is complete, Newfoundland and Labrador employment will continue with approximately 120 full-time jobs.

In addition to the labour-related benefits of the project, there are also many economic benefits. Total income to labour and businesses for Newfoundland and Labrador will be $1.4 billion, or $220 million per year. Over $210 million in taxes will accrue to the Government of Newfoundland and Labrador. Canada-wide income to labour and business will be $3.5 billion or $540 million per year, with more than $525 million in taxes to the federal government.

These substantial benefits are for the Muskrat Falls development alone. Nalcor Energy is still actively pursuing the development of Gull Island that would provide even further benefits to the province, region and country.

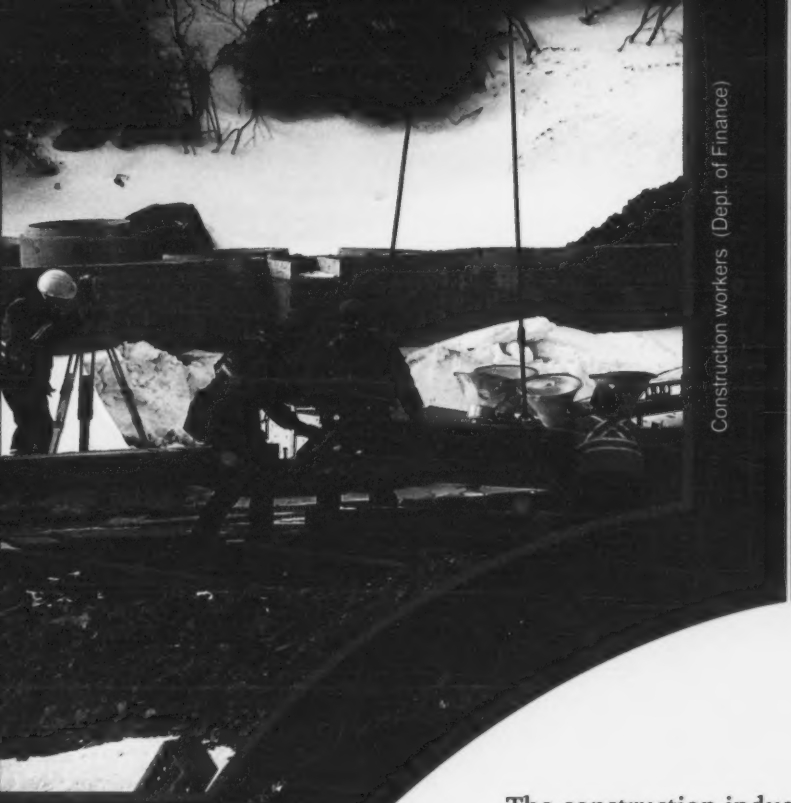
Another step in the right direction

In December 2010, Nalcor issued a letter of intent to SNC-Lavalin as the consultant for the engineering, procurement and construction management contract for the Lower Churchill Project. The contract includes the Muskrat Falls generating facility and the Labrador-Island Transmission Link. It does not include the Strait of Belle Isle subsea crossing. A decision on the Maritime Transmission Link contract will be made jointly by Nalcor and Emera.

Aligning with the Lower Churchill Project's Benefits Strategy, engineering and procurement will be performed primarily in St. John's and, as the Project progresses, construction management will occur predominantly at the Muskrat Falls generating site, as well as at various transmission locations in Labrador and on the island.

To achieve Project Sanction in 2011, the Lower Churchill Project team will continue to focus on environmental assessment approval for the generation and transmission projects; final ratification of the Lower Churchill IBA and Churchill Falls Redress Agreement; conversion of the Nalcor/Emera term sheet into formal legal agreements; finalization of financing; and completion of pre-front-end engineering work. Efforts to secure markets and market access for the Gull Island generating facility will also continue.

Prepared by: Nalcor Energy



Construction workers (Dept. of Finance)

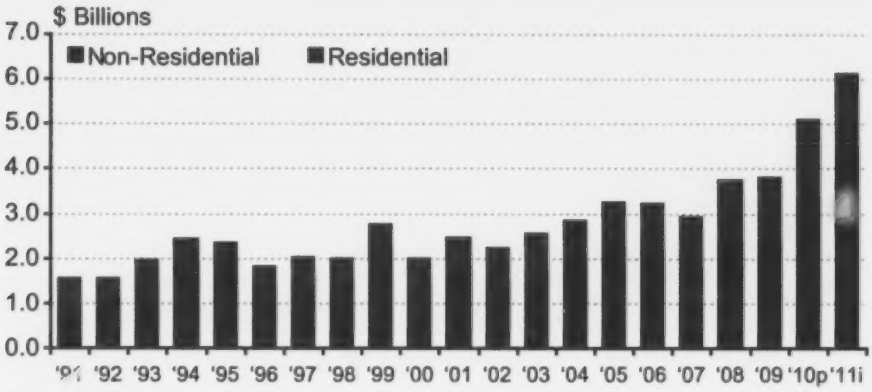
Construction

The construction industry accounts for over 5% of the province's GDP and about 7% of total employment. The industry has benefitted from significant residential and non-residential investment in recent years. In 2010, construction spending in the province reached an estimated $5.1 billion, up 33.7% from 2009, representing the strongest growth experienced among the provinces. Increases came from both the residential and non-residential sectors.

Non-Residential Construction

Non-residential construction accounts for the largest portion of construction expenditure, representing 66.3% of investment in 2010 (see chart). Construction spending in this sector totalled $3.4 billion last year, up 41.5% from 2009. This increase was driven by growth in both the private and public sectors. The advancement of major projects, in particular activity related to the Long Harbour nickel processing facility, the IOC expansion and Hibernia South Extension, contributed to high levels of spending. In addition, both federal and provincial government stimulus programs contributed to increased public sector investment.

The significant investment being experienced by Newfoundland and Labrador was highlighted in a report released last year by the Atlantic Provinces Economic Council. It indicated that Newfoundland and Labrador will account for the largest share (52%) of major capital project spending planned for the Atlantic Provinces over the medium term.

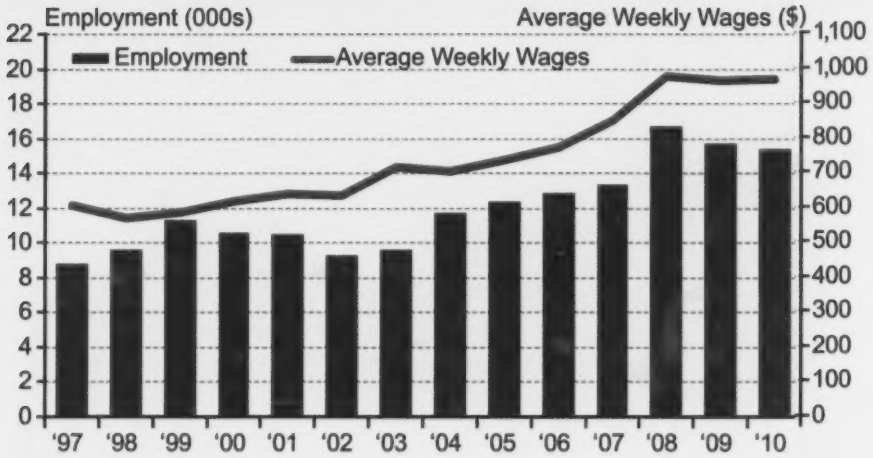


p: preliminary; i: intentions
Source: Statistics Canada

Residential Construction

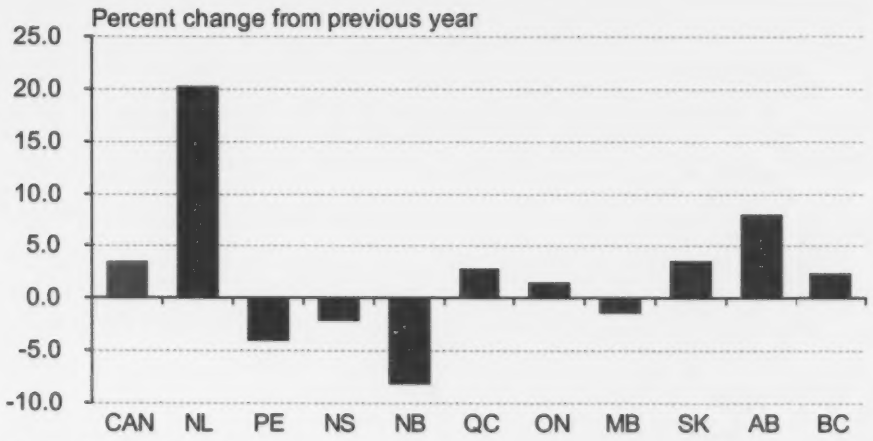
Investment in residential construction continued to grow in 2010, driven primarily by the construction of new dwellings. Expenditures totalled $1.73 billion, a 20.7% increase over 2009. During the past year, residential construction data has indicated significantly higher expenditures on new dwellings (+28.6%) and a substantial increase in spending on renovations (+9.8%) compared to 2009. Housing starts rose 18.0% in 2010 to the highest level in 30 years (see *Real Estate*).

Construction Wages and Employment



Source: Statistics Canada

Construction Investment Intentions 2011



Source: Statistics Canada

Construction Employment and Wages

Construction wages have increased considerably over the past decade (see chart). In 2010, average weekly earnings increased 0.6% from 2009 levels and were roughly equal to the national average. Employment remained at historically high levels, despite experiencing a slight drop in 2010. Employment averaged 15,400 in 2010, down 1.9% from 2009. It is believed that a portion of the employment decline recorded in this province since 2008 is due to a drop in the employment of workers who live here but commute out of the province to work.

Building Permits

The value of building permits issued in Newfoundland and Labrador increased by 55.7% in 2010 to $1.2 billion. This was the largest increase among provinces and is significantly higher than the national increase of 27.7%. The growth was driven by both the residential and non-residential sectors—up 21.5% and 162.1% respectively.

Construction 2011 Outlook

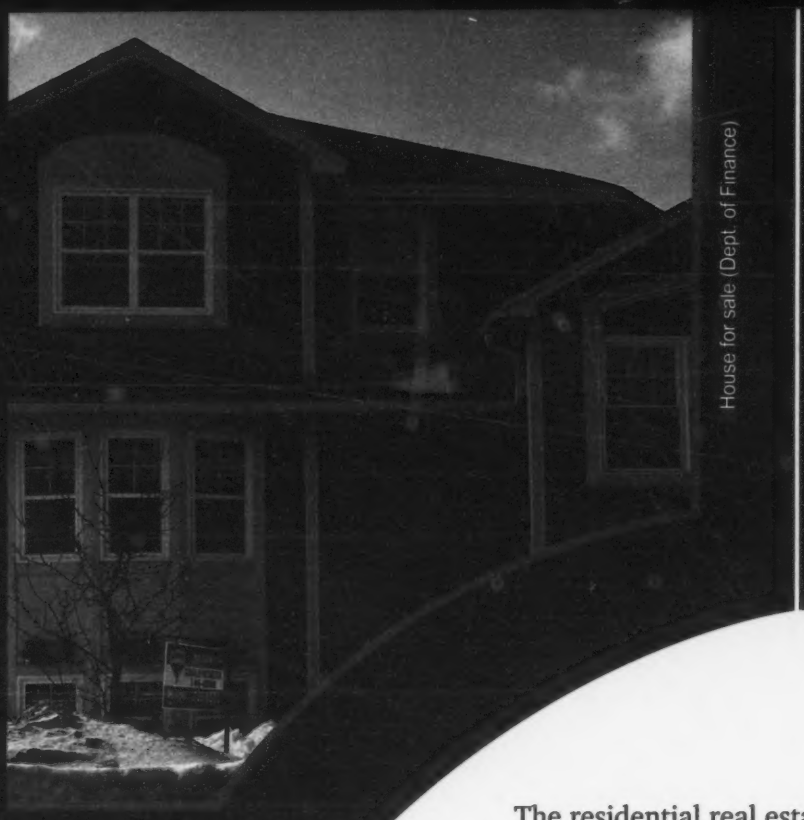
Construction investment is expected to post another strong performance, increasing by 20.3% to $6.2 billion. This increase is significantly higher than the national average of 3.6% and will again be the strongest among provinces (see chart).

Non-residential construction spending is projected to increase by 30.8%, bringing the total to $4.4 billion. This growth is being driven by the continued advancement of major projects such as the Long Harbour processing facility, the IOC expansion and the Hebron development.

Residential investment is expected to total $1.72 billion, down very slightly from the 2010 level of $1.73 billion.

Housing starts are expected to decline 8.1% to 3,314 units due to lower demand and increasing interest rates and housing prices. Even with the decline, housing starts will remain at a relatively high level.

Over $30 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 86).



House for sale (Dept. of Finance)

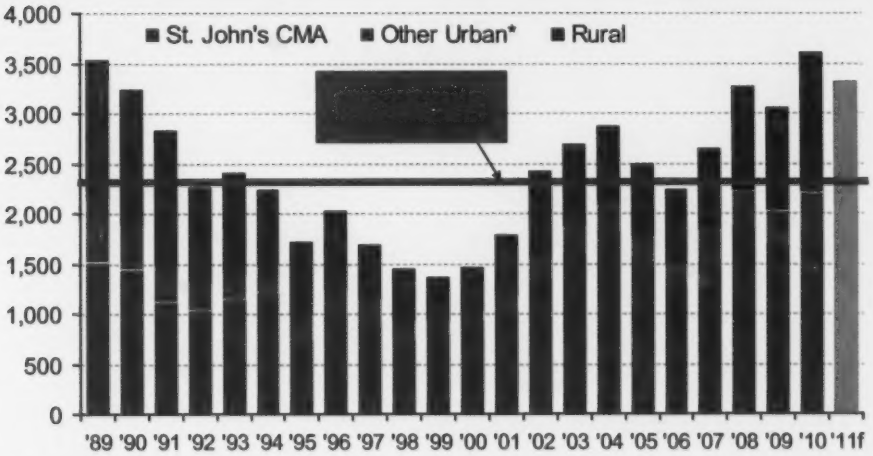
The residential real estate market turned in another solid performance in 2010. Strong demand for housing during the first half of 2010 was fuelled by record low interest rates, pending changes to mortgage qualification rules and the continuation of strong economic fundamentals. During the second half of 2010, housing starts remained strong but sales activity softened and prices began to stabilize. The residential rental market remained strong in 2010 with low vacancy rates and higher rents.

Housing Starts

Housing starts totalled 3,606 units in 2010, an increase of 18.0% compared to 2009 and far surpassing the recent high of 3,261 reached in 2008. The number of starts recorded in 2010 was the highest in 30 years (1980). Urban housing starts were up 9.4% to 2,213 units (about two-thirds of the market) and rural starts were up 34.5% to 1,393 units. Since 1989, total housing starts have averaged 2,424 units per year (see chart).

Residential Sales Activity and Prices

Residential sales activity and prices remained at or near historically high levels in 2010. However, consistent with national trends, sales activity slowed as the year progressed and prices appeared to be stabilizing toward the end of last year. The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service® (MLS®) during 2010 was 4,237, a decrease of 4.1% from 2009 and a decrease of 9.8% from the record of 4,695



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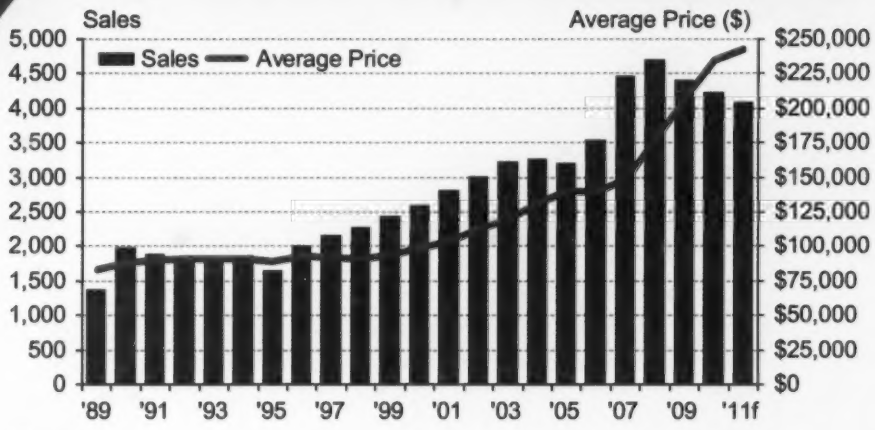
* 'Other Urban' includes Census Agglomerations: Carbonear (to 1991), Bay Roberts, Corner Brook, Gander, Grand Falls-Windsor, Labrador City (to 2007).

Source: Canadian Real Estate Association

in 2008 (see chart on page 62). Residential sales were very strong during the first half of 2010 as changes to mortgage rules (effective April 19, 2010) and the fear of interest rate increases likely encouraged buying decisions in the first part of the year (see chart on page 62). During the second half of 2010, residential sales activity was down 15.7% compared to the same period in 2009, a trend that is continuing into 2011. At the same time, active listings (a measure of inventory in the resale housing market) have been increasing, up 12.1% during 2010. Nationally, residential sales were down 3.9% during 2010 with declines experienced in all provinces except Prince Edward Island (up 5.9%), Quebec (up 1.3%), Manitoba (up 0.6%) and Nova Scotia (up 0.1%).

Residential MLS® Sales and Average Price



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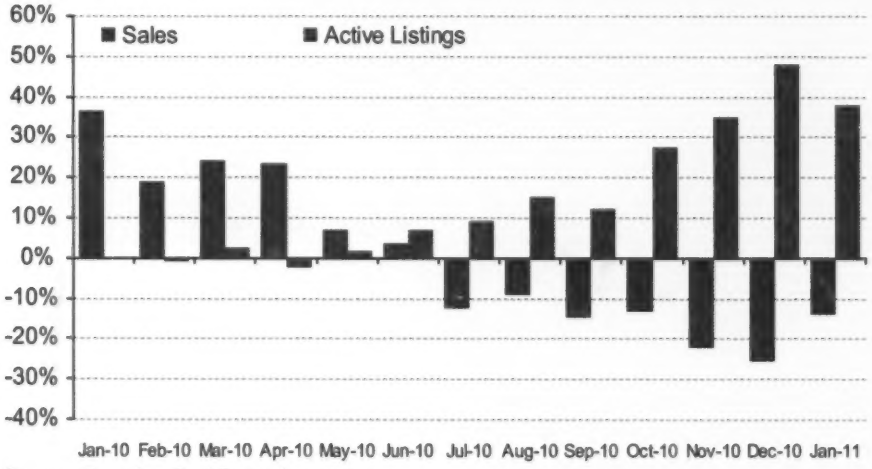
Source: Canadian Real Estate Association (CREA)

Residential MLS® Sales and Active Listings

% Change Year-over-Year



Source: Canadian Real Estate Association

Residential MLS® Average Price

	2007 ($)	2010 ($)	2011f ($)	2010-11f %
CAN	305,822	339,030	343,300	1.3
BC	439,199	505,178	520,400	3.0
AB	356,235	352,301	347,300	-1.4
ON	299,544	342,245	344,400	0.6
QC	202,895	248,697	262,700	5.6
SK	174,405	242,258	245,300	1.3
NL	149,258	235,341	242,700	3.1
MB	169,189	222,132	235,700	6.1
NS	180,989	206,186	208,200	1.0
NB	136,603	157,240	158,600	0.9
PE	133,457	147,196	150,600	2.3

Source: Canadian Real Estate Association (CREA)

During 2010, the average MLS® residential price in the province was approximately $235,300, an increase of 14.0% compared to 2009. The average MLS® residential price in the St. John's Census Metropolitan Area (CMA) was $251,191, an increase of 14.8% over 2009. According to Canada Mortgage and Housing Corporation (CMHC), prices appear to have stabilized around the $235,000 level in the province and around the $250,000 level in the St. John's CMA during the third quarter of 2010. While prices continue to be relatively high, lower sales volumes combined with an increase in active listings should slow further upward price movement. Nationally, the average MLS® residential price increased 5.8% to $339,030 during 2010. Newfoundland and Labrador recorded the strongest residential price growth in 2010 followed by Manitoba (up 10.3%), British Columbia (up 8.5%), Quebec (up 8.0%) and Ontario (up 7.5%).

Rental Market

Residential rental vacancy rates remain at or near historical lows throughout Newfoundland and Labrador. Vacancy rates in urban areas decreased from a high of 15.4% in 1997 to just 1.0% in the fall of 2010 and have been near or below 1% since 2008. In October 2010 (latest data available), urban vacancy rates were 0.3% in Gander, 0.7% in the Corner Brook Census Agglomeration (CA), 1.1% in the St. John's CMA and 1.3% in the Grand Falls-Windsor CA. Although vacancy rates are very low and rents have risen, rents remain among the lowest in Atlantic Canada. In October, the average monthly rent for a two-bedroom apartment in Newfoundland and Labrador was $668 compared to $851 in Nova Scotia, $719 in Prince Edward Island and $668 in New Brunswick. It is expected that positive net-migration, higher housing prices and a lack of rental construction will continue to keep vacancy rates low and place upward pressure on rents.

New Developments

On February 8, 2010, the Canadian Competition Bureau announced that it was formally challenging rules imposed by the Canadian Real Estate Association (CREA) concerning the use of its MLS®. The Competition Bureau alleged that these rules were anti-competitive by limiting consumer choice and preventing innovation in the market for residential real estate services. On October 24, 2010, at a special general meeting in St. John's, members of CREA voted in favour of an agreement with the Competition Bureau. The new 10-year agreement gives Canadians the ability to choose which services they want from a real estate agent when buying and selling a home, and to pay only for those selected services, compared to the traditional full-service commission-based structure. In addition, the agreement will ensure that real estate agents have the flexibility to provide innovative service and pricing options that meet the needs of consumers.

Real Estate 2011 Outlook

On January 17, 2011, the Federal Government of Canada announced a second round of adjustments to the rules for government-backed insured mortgages. These adjustments took effect on March 18, 2011. The adjustments are being made to support the long-term stability of Canada's housing market and include: reducing the maximum amortization period to 30 years on insured mortgages with a loan-to-value (LTV) ratio above 80%; lowering the maximum LTV limit on insured re-finances from 90% to 85%; and eliminating government insurance on home-equity secured lines of credit. These changes are in addition to previous adjustments that took effect April 19, 2010 and included: increasing the qualifying rates on fixed term mortgages less than five years and on variable mortgages; lowering the maximum LTV limit on insured re-finances from 95% to 90%; and increasing the down payment requirement for insured rental property financing from 5% to 20%.

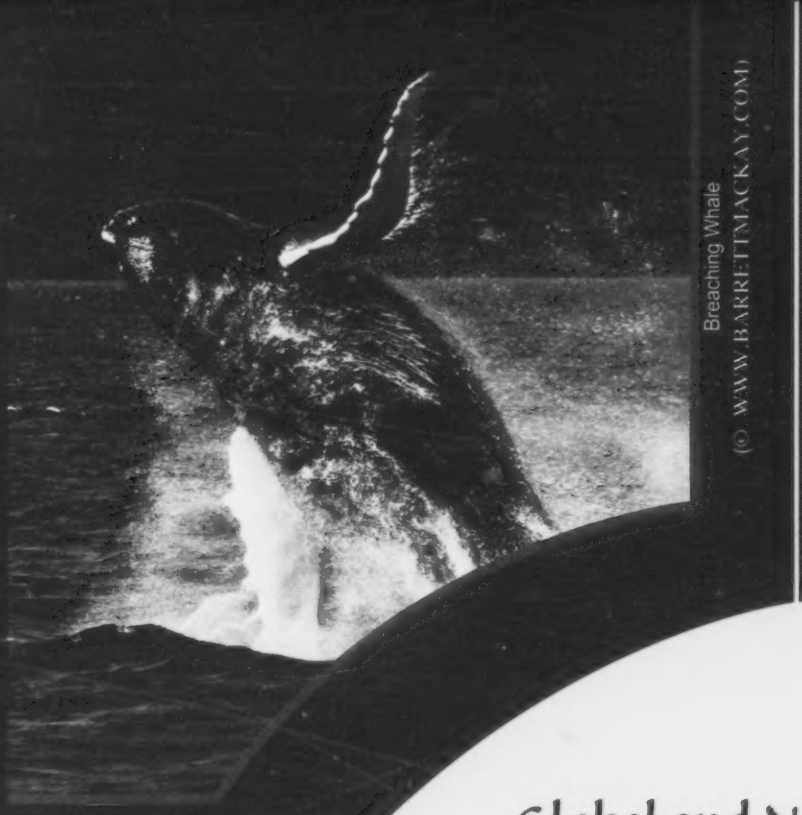
The level of activity in the residential real estate market is expected to remain high during 2011.

Housing starts are expected to decrease by 8.7% to about 3,300 units but remain high following the very strong performance of 2010.

Residential sales activity is expected to decline by 3.2% to 4,100 in 2011.

Residential resale prices are expected to increase moderately by 3.1% to average $242,700.

Interest rates are expected to rise but remain relatively low.



Breaching Whale
(© WWW.BARRETTMACKAY.COM)

Global and National Travel

Worldwide travel and tourism recovered strongly in 2010. Global international tourist arrivals increased 6.7% to 935 million, according to the World Tourism Organization (UNWTO). Growth was positive in all UNWTO regions, led by robust performance in the emerging economies. With this strong rebound, the level of activity last year exceeded the record year of 2008.

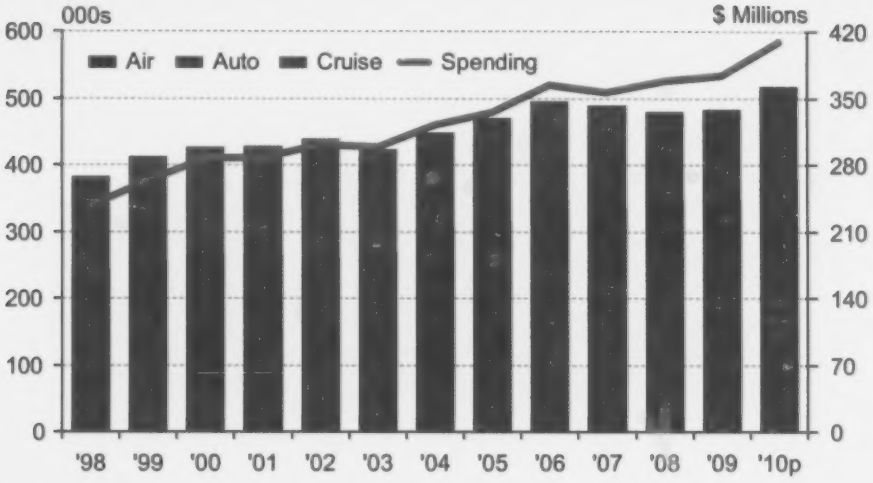
Tourism activity at the national level yielded mixed results in 2010. International inbound travel to Canada remained at historically low levels due to a continued drop in United States short haul same day trips. Such trips to Canada have been on a downward trend for the past decade and, in recent years, reflect a weak U.S. recovery, tighter border crossing regulations and a stronger Canadian dollar. On the positive side, there was a 6.8% increase in visits from other areas (predominantly Asian and European countries) and a slight improvement in overnight visits by U.S. citizens (up 0.7%). Travel within Canada by residents increased in 2010—Canadians made 232.4 million trips within Canada, up 1.3% over 2009.

Provincial Travel

The Newfoundland and Labrador travel and tourism industry recorded a strong performance in 2010. The number of non-resident visitors to the province is estimated to have grown by more than 7% to a record 518,500. Associated spending increased by 9.6% to an estimated $410.6 million. A number of factors contributed to this solid performance in travel and tourism

Non-Resident Travel and Tourism Visitors and Spending

By Mode of Transportation



p: preliminary
Source: Department of Tourism, Culture and Recreation

including an increased marketing budget, award winning promotional materials, enhanced tourism product offerings and generally heightened economic activity. The province has also enjoyed positive exposure associated with hosting the JUNO Awards and the popularity of programs such as *Republic of Doyle*. Indicators suggest that this province's tourism sector outperformed the other Atlantic Provinces, particularly in air travel and related services. Newfoundland and Labrador airports recorded a 7.1% increase in passenger travel in 2010, compared to growth of 4.9% in New Brunswick, 4.3% in Prince Edward Island and 3.1% in Nova Scotia. Increases in accommodation occupancy rates and the number of room nights sold in Newfoundland and Labrador during 2010 also exceeded the other Atlantic Provinces.

Air travel is the largest segment of the province's non-resident tourism sector, accounting for an estimated 73% of visitors and 82% of spending in 2010. Activity in this segment continued to rise in 2010, driving overall growth in tourism. The number of non-resident air travelers reached a record 380,200 in 2010, up by over 9% compared to 2009. The overall increase in non-resident air visitors reflects, in part, improvements in airline seat capacity and more competitive airfares. Inbound direct seat capacity in 2010 grew by almost 10% over 2009, reflecting more seat capacity from other parts of Canada and the return of international direct flights from the United Kingdom.

During April 12-18, 2010, St. John's hosted the JUNO Awards, recognizing Canadian artists for excellence in recorded music. The weeklong celebration in St. John's included many events. The JUNO Awards created a substantial increase in activity for hotels, taxis, restaurants and airlines operating in the St. John's area. The number of accommodation room nights sold in the St. John's area in April increased more than 20% over the same month in the previous year, resulting in an increase of 30% in associated revenue. In addition, the events provided valuable media exposure for the tourism sector—the value of the media coverage was estimated to be equivalent to $2.8 million in advertising. It is estimated that 6.5 million Canadians watched all or part of the awards broadcast, up about 59% from the previous year.

Intra-provincial seat capacity has also increased significantly. Seat capacity for flights within the province grew by an estimated 5.9% in 2010, driven by additional capacity for flights to Labrador and to St. John's. The province plans to enhance air transportation access over the next several years through its new air access strategy *Taking Flight: An Air Access Strategy for Newfoundland and Labrador*, launched in October 2010. A total of $5 million has been committed over three years to support strategy goals including airline/airport business development and route promotion.

Non-resident automobile visitation totalled an estimated 116,200 in 2010, down 2.1% over 2009. Lower non-resident automobile traffic reflected declines in visitors from the Maritimes (down 4.7%), Quebec (down 4.3%), Ontario (down 2.4%) and Western Canada (down 0.6%) that offset increases in visitors from the U.S. (up 10.6%).

Non-resident automobile traffic was impacted by a number of problems with the Marine Atlantic service—primarily capacity constraints and mechanical issues with its older vessels—during the peak travel season. In a move to improve the ferry service between the province and Nova Scotia, the Government of Canada has committed over $520 million in new funds over five years to renew the fleet and shore facilities, and to increase the available capacity and reliability of the

Cupid's 400th Anniversary Celebrations

The Cupids 400th Anniversary Celebrations was a special theme last year. This yearlong celebration commemorated the founding of Cupids, the first English settlement in Canada, by John Guy and his colonists in 1610. Over 200 individual events were staged as part of this celebration throughout the Northern Avalon Peninsula region, culminating in the six-day Cupids Cove Soiree in August that attracted over 25,000 visitors. One of the many highlights of these celebrations was the official opening of the Cupids Legacy Centre, a new state-of-the-art visitor interpretation facility that hosted 9,500 visitors.

service. More than $300 million of this new funding is earmarked for fleet refits and upgrades, and the chartering of two vessels in 2011 to replace aging vessels. The goal of this investment is to increase capacity to meet current demand and to provide room for future growth.

Scheduled cruise visitations in 2010 were up considerably over the previous year. The number of cruise ship port calls totalled 133, up 24.3% from 107 in 2009. The number of non-resident cruise visitors[5] increased by about 37% to 22,100. Overall, cruise ships visited 48 different ports around the province.

The number of trips taken by residents of Newfoundland and Labrador at home increased in 2010. Preliminary estimates from Statistics Canada indicate that residents took about 3.3 million trips within the province during 2010 compared to 3.1 million in 2009. Expenditure data showed a decline, indicating that travelers may have been more frugal last year than in 2009.

There were solid increases in visitors to provincial and national historic sites, up 7.6% and 4.8% respectively. Gains were also recorded in visitation to provincial visitor information centres (up 3.5%).

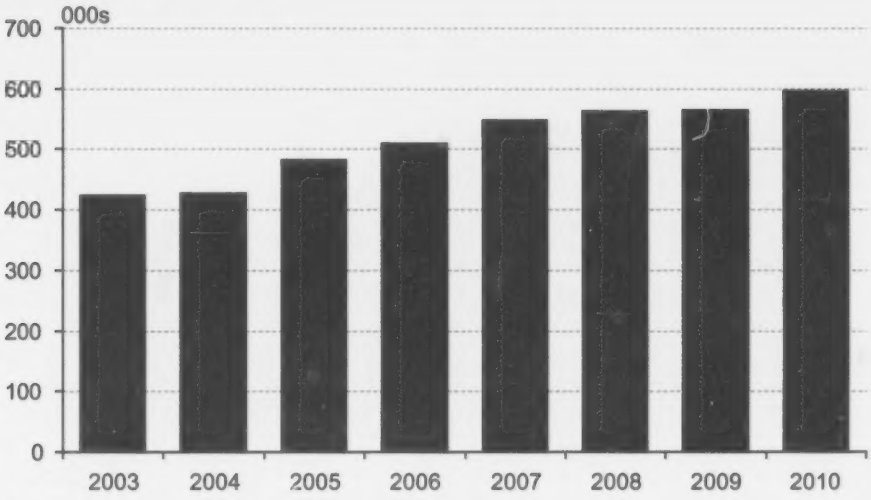
[5] This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel. In 2010, cruise ship passenger visits totalled 32,968, an increase of 32.8% over 2009 levels.

2010 was another good year for the accommodations industry. The provincial occupancy rate (includes hotels/motels, bed and breakfasts/inns, cottages) reached 50.3% for the year, up 2.1 percentage points compared to 2009. Gains were strong in Labrador (up 9.8 percentage points) and the Avalon (up 2.8) region. The advance in rates in Labrador was particularly noticeable and is linked, in part, to a strong mining sector and increased access via the Trans Labrador Highway. While the Central (up 1.1) and Western (up 0.1) regions also reported improved occupancy rates, the increases were more modest. The occupancy rate in the Eastern region (i.e. Burin/Bonavista) was down 0.1 percentage points last year. This performance was notable considering that this area endured significant adverse impacts from Hurricane Igor in September 2010, forcing some operators to close early for the season. Preliminary data also indicate that the number of room nights sold in the province increased by 5.2% and the provincial average daily room rate increased 3.3% during 2010, to average $111.

The accommodations sector in the greater St. John's area in particular has enjoyed a period of significant growth over the last decade. This is consistent with the underlying strength in the overall tourism visitor figures and the strong economic growth that the province has experienced. The number of room nights sold by accommodation facilities in the St. John's area has increased steadily since 2003 as indicated in the chart on the opposite page. In 2010, almost 600,000 room nights were sold, up about 40% from seven years previous. This activity has prompted considerable investment in accommodation facilities with a number of hotels having opened in recent years and several new projects in various stages of development.

The major meeting and convention sector in the St. John's Metropolitan Area rebounded sharply in 2010 following a setback in 2009 that was in part caused by the recession and H1N1 fears. The number of large conventions and meetings (i.e. those booking 50 or more guest rooms per night) totalled 95, up from 81 in the previous year, while the number of delegates increased by 31% to 22,900. The number of room nights purchased by the delegates increased almost 19% for the year to about 43,300.

Greater St. John's Area

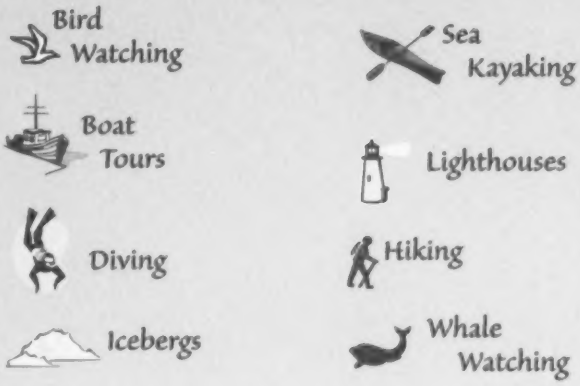


Source: Department of Tourism, Culture and Recreation

The province has increased its marketing effort substantially in recent years, contributing to the growth in tourism activity. In the 2010-11 budget, $13 million was committed to tourism marketing, more than double the level six years ago. Furthermore, there are new and exciting avenues for marketing the province. Tourism consumers are increasingly accessing travel information through electronic and online resources. During 2010, interest—as measured by enquiries for information and visits to the province's official tourism web site—increased 10% over 2009. Electronic activities and utilization of social media continue to provide opportunities to significantly increase the awareness of Newfoundland and Labrador as a tourist destination.

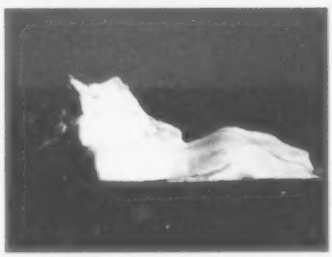
AVALON PENINSULA TOP COASTAL DESTINATION

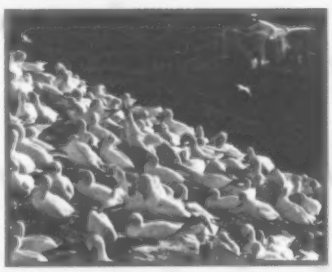
Coastal Tourist Attractions



This map displays only a selected number of attractions and is not an exhaustive listing. More detailed information is available by accessing the province's travel and tourism website at www.newfoundlandlabrador.com

In its November-December 2010 issue, *National Geographic Traveler* magazine rated Newfoundland's Avalon Peninsula as its top rated coastal destination. The magazine ranked 99 coastal areas from Italy to Mozambique, using a panel of 340 experts on sustainable tourism and destination stewardship. In its commentary, the magazine described the Avalon Peninsula as "home to brightly painted fishing villages and to the lively city of St. John's."





Travel & Tourism 2011 Outlook

Growth in world tourism is expected to continue in 2011, albeit at a more moderate pace. International tourist arrivals worldwide are forecast to increase by between 4% and 5% in 2011. Emerging economies, especially in the Asia, Pacific and Middle East regions, are expected to continue to lead growth.

The Conference Board of Canada expects total overnight visits to Newfoundland and Labrador (international and domestic combined) to increase 2.1% in 2011.

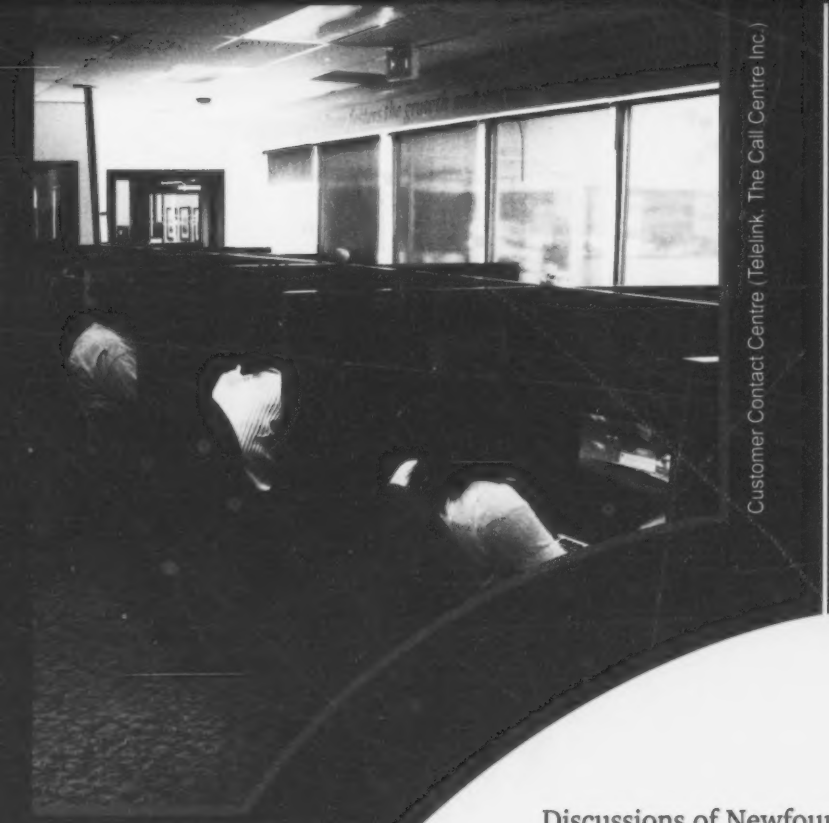
The outlook for air access remains positive as the province continues to benefit from additional inbound and intra-provincial flight capacity (including new seasonal daily flights between Gander and Toronto as well as Deer Lake and Toronto).

Investments in the ferry link between Newfoundland and Nova Scotia should increase service quality and promote more automobile visits by tourists. The 2011 tourist season will be the first one with the renewed fleet. The MV *Blue Puttees* is already in service and the MV *Highlanders* will join the service in May.

There are 120 port calls tentatively booked for the 2011 cruise season. This number is expected to increase as more itineraries are released by cruise firms.

Bookings for St. John's Meetings Convention and Incentive Travel is currently ahead of 2010 levels.

Resident tourism is expected to benefit from solid growth in provincial employment and personal disposable income, as well as solid consumer confidence.



Customer Contact Centre (Telelink, The Call Centre Inc.)

Special Feature: Service Sector

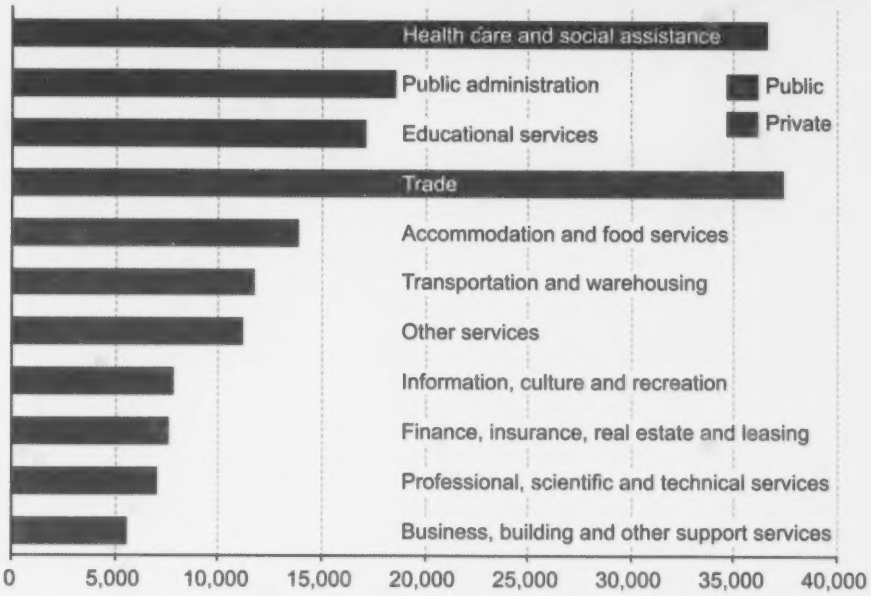
Discussions of Newfoundland and Labrador's economic performance tend to focus primarily on the goods sector. This is because the output of the goods sector is tangible and more easily measured. Despite the lack of performance data for many service industries, the service sector comprises a large share of the provincial economy and is very important to total economic output and employment.

Evolution of the Service Sector

When market economies begin to develop, they tend to be dominated by primary industries such as forestry, fishing and mining. Over time, the manufacturing sector develops. As an economy matures, the service producing sector grows and eventually dominates. The United States evolved into a "service economy" in the late 1950s when more than half of the employed population was no longer involved in the production of tangible goods. In 1961, Canada's service producing sector accounted for 54% of total employment and 55% of Gross Domestic Product (GDP)—today the comparable service shares are 78% of employment and 68% of GDP.

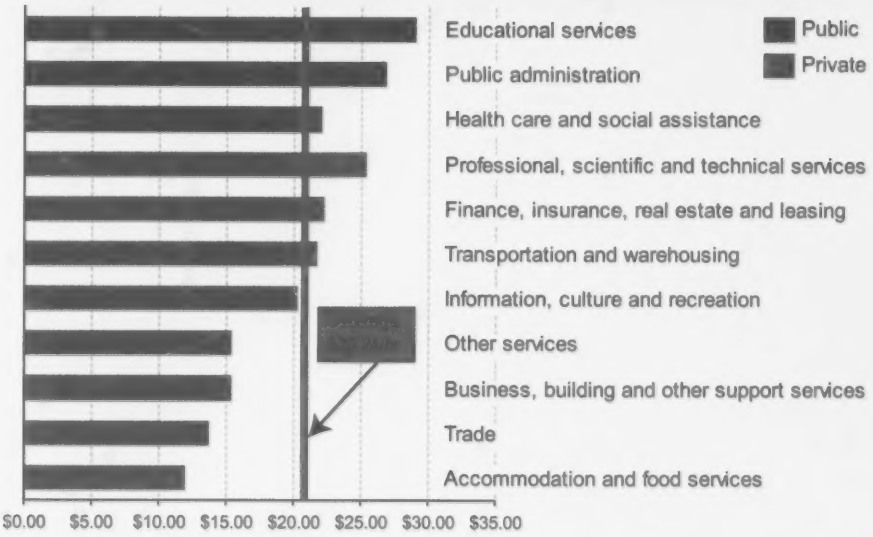
Newfoundland and Labrador's economic development has followed a similar trend. In 1976, the service sector accounted for 68% of provincial employment and 60% of provincial GDP—by 1997 the comparable shares were 77% of employment and 74% of GDP. However, over the past decade, the sector's share of GDP has declined due primarily to rapid growth in the oil and gas and mining industries. Currently the service sector accounts for approximately 80% of provincial employment but only 52% of the province's GDP. In line with its employment contribution, services account for

Employment by Industry, 2010



Source: Statistics Canada; Department of Finance

Average Hourly Wage*, 2010



* does not include self-employment

Source: Labour Force Survey, Statistics Canada

approximately 77% of total labour income in the province. While the service sector's share of provincial GDP has decreased, the level of its GDP has been increasing. In absolute terms, the service sector provided $12.1 billion of GDP in 2009, and $6.8 billion of labour income and about 175,000 person years of employment in 2010. This compares to $8.7 billion of GDP, $4.5 billion of labour income, and about 165,000 person years of employment in 2002.

The public sector accounts for approximately 40% of overall services. The chart on page 75 outlines services employment by industry for 2010, grouped by public and private industries. For purposes of analysis, the health care and social assistance, educational services and public administration industries together are used as a proxy for the public sector. It should be noted that some of the activity within these industries is private (e.g. private schools, daycares), however, this is a relatively small portion. Conversely, there may be public sector activity in some other industries but again it is assumed to be only a small portion.

Within the private sector, the trade industry employs the greatest number of people, followed by the accommodation and food service industry. While these industries employ a large number of people, they generally offer a relatively low wage. About 57% of employees in trade and over 67% of employees in accommodation and food earn less than $12 per hour.

The following pages contain statistics on the service sector industries and a brief discussion of some of the factors that impact activity and growth in those industries.

Public Sector

Growth in public sector industries is dependent on a number of factors, including changes in the demographic and geographic distribution of people in the province. For example, a decline in the number of school age children would likely result in less demand for educational services. On the other hand, an increase in the number of seniors would likely result in an increase in demand for seniors' housing and health services. Other factors that impact activity in the public sector are the fiscal capacity of the province and priorities of current governments. After several years of downsizing in the public sector, employment has increased in each of the past five years, particularly in health care and social assistance.

	Level	Percent Change (previous year)
Health Care and Social Assistance		
GDP (Millions) – 2009	$1,771	7.5%
Employment – 2010	36,600	6.7%
Average Hourly Wage Rate – 2010	$22.07	7.5%
Educational Services		
GDP (Millions) – 2009	$1,239	7.5%
Employment – 2010	17,100	1.8%
Average Hourly Wage Rate – 2010	$29.07	13.3%
Public Administration (Federal, Provincial and Municipal)		
GDP (Millions) – 2009	$1,655	7.9%
Employment – 2010	18,600	10.1%
Average Hourly Wage Rate – 2010	$26.83	5.1%

Trade

The trade industry is made up of both wholesale and retail trade, however, more people are employed in the retail sector. Retail employment accounted for 85.2% of total trade employment in 2010. The wholesale industry is dependent on the performance of the retail industry. If the retail sector is performing well, it is likely that the wholesale sector is also doing well. The trade industry is impacted by overall employment and income growth in the general economy and is a good indicator of domestic economic performance. The trade industry was buoyed last year by solid economic performance and high levels of consumer confidence. Retail sales increased by 3.7% in 2010 compared to 2009.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$1,844	1.2%
Employment – 2010	37,400	10.3%
Average Hourly Wage Rate – 2010	$13.78	-1.5%

Transportation and Warehousing

The transportation and warehousing industry encompasses trucking, air transportation, marine freight and passenger carriers, taxis, couriers, warehousing services as well as services incidental to transportation such as air traffic control. This industry is key to the smooth operation of the economy. Portions of the transportation industry are dependent on the performance of the trade industry. If more goods are being bought and sold, more shipping, trucking and warehousing is required. Trucking is also dependent on the performance of some goods producing industries, such as fish processing. The shipping and storage aspects of the transportation industry have benefitted from the emergence of the oil industry and the associated high levels of machinery and equipment capital investment, which must often be imported. In addition, oil shuttle tankers, supply vessels and the province's oil transshipment facility all fall within this industrial category. Some portions of the industry, such as air transportation, ferries, taxis and sightseeing tours are dependent on tourism activity. The transportation industry has benefitted from significant infrastructure investment over the past number of years.

	Level	**Percent Change** (previous year)
GDP (Millions) – 2009	$698	0.2%
Employment – 2010	11,800	2.6%
Average Hourly Wage Rate – 2010	$21.73	2.9%

Finance, Insurance, Real Estate and Leasing

The finance, insurance, real estate and leasing industry includes establishments, such as banks, credit unions, insurance companies, real estate companies, car rental and other rental companies. This industry provides the financial and brokerage services that keep the economy moving. The strength of the housing market in the last couple of years has positively impacted this industry as individuals buying and selling homes availed of real estate and banking services. As well, this industry has been positively affected by general business growth, with the associated requirement of banking services, and the strong growth in consumer spending.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$2,638	5.0%
Employment – 2010	7,600	2.7%
Average Hourly Wage Rate – 2010	$22.33	12.3%

Professional, Scientific and Technical Services

The professional, scientific and technical services industry is comprised of a number of services where knowledge and skill are the major inputs. Individuals working in this industry include lawyers, architects, engineers, interior designers, advertisers, photographers and veterinarians. Generally, activity in this industry is tied to overall economic activity in the province. Some elements of this industry, particularly engineering and related services, are highly impacted by major project activity such as development in the oil and mining industries. The professional, scientific and technical services industry has recorded significant growth over the past several years. Despite a decline in 2010, employment in this industry is near historically high levels and is about 35% higher than it was just 10 years ago.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$606	-1.3%
Employment – 2010	7,100	-6.6%
Average Hourly Wage Rate – 2010	$25.46	8.2%

Business, Building and Other Support Services

The business, building and other support services industry covers services such as call centres, travel agencies, temporary help agencies, janitorial companies, waste collection companies and security services. Between the late-1990s and 2007 this industry recorded substantial growth primarily due to the establishment and growth of call centres in the province. However, in recent years call centre employment has decreased causing overall employment in this industry group to fall.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$258	-5.4%
Employment – 2010	5,600	-22.2%
Average Hourly Wage Rate – 2010	$15.39	3.8%

Information, Culture and Recreation

The information, culture and recreation industry is comprised of services including radio and television broadcasters, cable and satellite telecommunications providers, newspaper publishers, general publishing companies, dance companies, sports stadiums and museums. Tourism activity also impacts some aspects of this industry, particularly the culture and recreation components.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$624	0.5%
Employment – 2010	7,800	-10.3%
Average Hourly Wage Rate – 2010	$20.33	10.3%

Accommodation and Food Services

The accommodation and food services industry is comprised of hotels, motels, campgrounds, restaurants and bars. A large portion of activity in this sector is tied to tourism activity. In fact, it is estimated that almost 80% of the employment in the accommodations industry is driven by tourism demand. As well, general growth in employment and incomes in the province impact activity in this industry.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$386	1.5%
Employment – 2010	13,900	7.8%
Average Hourly Wage Rate – 2010	$11.98	9.4%

Other Services

The "other" services industry category is comprised of establishments not classified to any other service grouping. It includes industries primarily engaged in: repairing or performing general or routine maintenance on motor vehicles, machinery, equipment and other products; providing personal care services, funeral services, laundry services and other services to individuals; organizing and promoting religious activities; and supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members.

	Level	Percent Change (previous year)
GDP (Millions) – 2009	$424	-4.2%
Employment – 2010	11,200	10.9%
Average Hourly Wage Rate – 2010	$15.42	-5.9%

Summary and Outlook

2011 will likely be another good year for many industries within the service sector as performance in this sector is intrinsically tied to employment and income growth in the overall economy. In 2011, incomes are expected to increase because of wage gains in the public sector and general wage growth, and employment is also expected to increase primarily due to major project development.

Similarly, in the medium term, expansion of the service sector is expected to continue in conjunction with overall growth in the economy. Gains in disposable income and employment over the next several years should result in increased demand for consumer related services such as wholesale and retail trade, food service and transportation. High levels of capital investment, driven primarily by major project developments related to mining, oil and gas, and hydro are also expected to have significant positive impacts on demand for services.

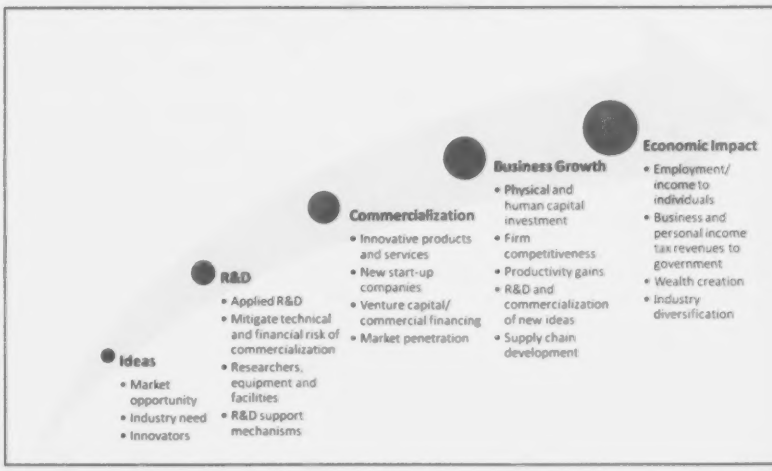
Research and Development

Photo: Investments in R&D can have a significant impact on business growth. Mad Rock Marine Solutions Inc., a lifeboat release solutions provider, looks to R&D as an innovation driver that is critical to remaining competitive in an increasingly global economy.

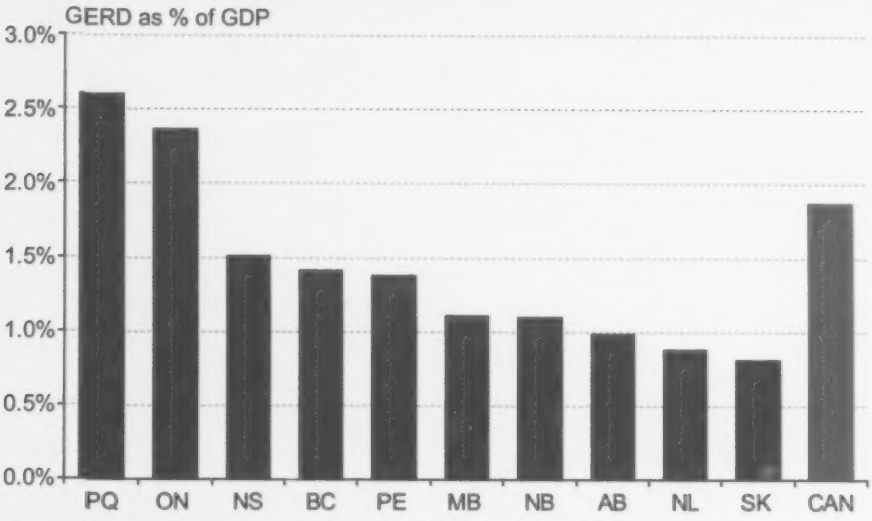
The provincial government has identified research and development (R&D) as a strategic priority area for investment. Understanding the crucial role that R&D plays in generating economic prosperity and the need for increased R&D activity in the province, the Government of Newfoundland and Labrador established the Research & Development Corporation (RDC) in 2008. Working with academia, industry and government stakeholders, the mandate of RDC is to strengthen the focus, quantity, quality and relevance of R&D undertaken for the long-term economic benefit of the province.

R&D often refers to the systematic creation of new knowledge or the application of existing knowledge to improve products, processes and/or services, with potential to affect economic outcomes. In practice, R&D is a key driver of innovation—a process that often starts with an idea such as e-commerce or the iPhone; R&D leads to commercialization, which drives business growth, and subsequently economic activity (see figure). In fact, our ability to continue to increase our standard of living, solve technological problems and remain globally competitive hinges on the innovations that result from R&D.

Role of R&D in Innovation

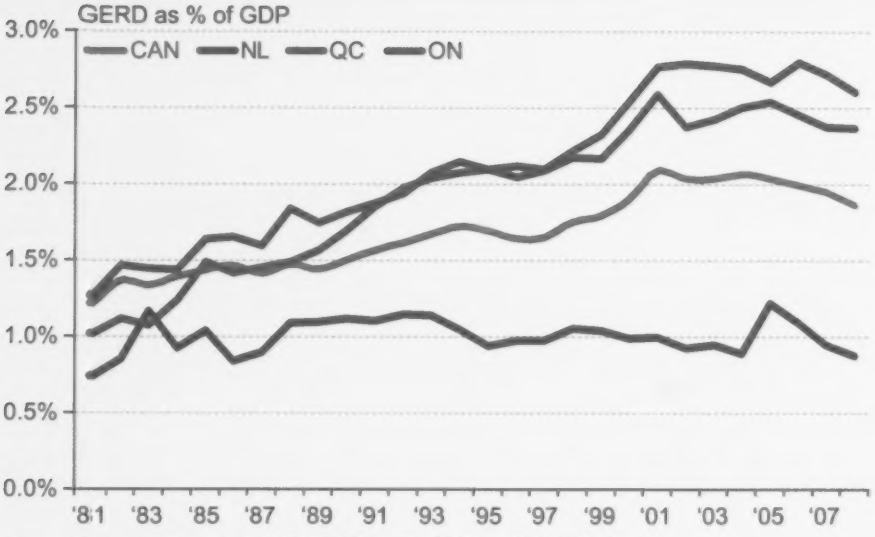


R&D Intensity, 2008



Source: Statistics Canada, CANSIM tables 358-0001 and 384-0002

R&D Intensity, 1981 - 2008



Source: Statistics Canada CANSIM tables 358-0001 and 384-0002

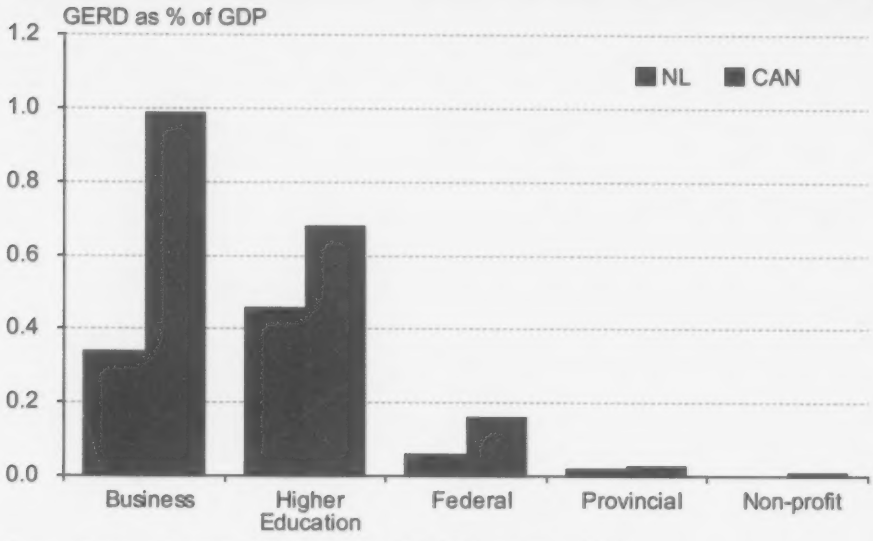
Historically, Newfoundland and Labrador's R&D expenditures have lagged behind many other jurisdictions. In 2008, the province's gross expenditures on R&D (GERD) as a percentage of GDP was 0.88% (see chart on page 83). Often referred to as R&D intensity, this is significantly less than for Canada as a whole (1.87%) and, particularly, the leading R&D performing provinces of Quebec (2.61%) and Ontario (2.37%). In fact, Newfoundland and Labrador ranked 9th among Canadian provinces in 2008. The expenditure gap has also widened over the last three decades, due in part to the fact that the R&D expenditures in Newfoundland and Labrador have not kept pace with the rapid growth of the provincial economy (see chart on page 83).

In comparing R&D performers, there are significant differences in R&D expenditures by business, higher education, and federal and provincial governments (see chart on page 85). Historically, higher education has been the leading R&D performer in Newfoundland and Labrador. This contrasts with Canada and most industrialized countries where business is the leading R&D performer. In 2008, Newfoundland and Labrador's business expenditures on R&D (BERD) amounted to only 0.34% of GDP, compared to 0.99% for Canada as a whole. R&D expenditures in higher education (HERD) and the federal government are also lower in this province relative to Canada. These differences can be attributed to a number of factors, including Newfoundland and Labrador's industrial structure (e.g. primary resource-based industries have a lower propensity to invest in R&D than higher value-added resource and non-resource industries, lack of a diversified manufacturing base, most corporate head offices are located elsewhere), demographics (i.e. a small, widely-dispersed population), geographic location (i.e. distance to market/proximity to customers), and other factors. As a result, much of the R&D performed by larger companies operating in the province is conducted elsewhere.

The relative share of R&D performed by business improved over the 2004 to 2008 period (see chart on page 85), mostly due to the construction of Vale's hydrometallurgical nickel processing demonstration plant in Argentia starting in 2004 and subsequent operations from 2005 to 2008. In total, Vale's R&D expenditure in Ontario and Newfoundland and Labrador was an estimated $200 million. The use of hydromet (chemical-based) processing technology for nickel sulphides, rather than conventional pyromet (smelter) technology, is an example of how investments in R&D can lead to the development of lower-cost technologies for value-added mineral production, with lower environmental risks.

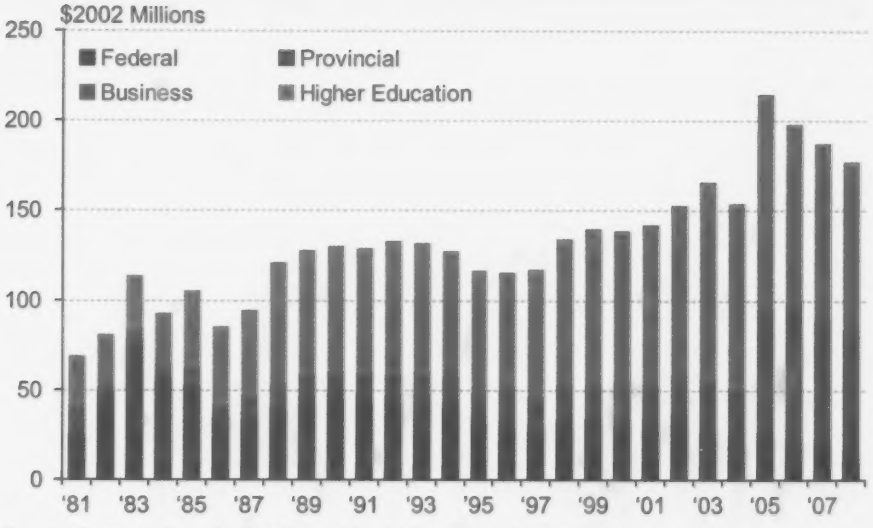
Going forward, increasing the level of business-led R&D in the province remains a challenge and a priority. RDC is focusing on strengthening Newfoundland and Labrador's R&D landscape by investing in key building blocks, including highly-qualified people, innovative research and world-class R&D infrastructure. RDC's overall strategy is to align with industry needs and development opportunities, where R&D has significant potential to fuel innovation, create competitive advantage and drive long-term economic growth. This is evidenced by strategic investments in R&D areas, ranging from fisheries and marine science to ocean technology and petroleum engineering.

R&D Intensity by Performer, 2008



Source: Statistics Canada, CANSIM tables 358-0001 and 384-0002

NL Real GERD, 1981-2008



Source: Statistics Canada CANSIM tables 358-0001 and 384-0002

Prepared by: Research & Development Corporation

Inventory of Major Capital Projects

Artist's Rendition – Residence, Grenfell Campus, Memorial University of Newfoundland, Corner Brook

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public[6] and private projects that are either continuing or beginning in the current year. In many cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2011.

According to this year's inventory, about $30.6 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at about $16 billion (see the table on page 87). The Hebron oil project is the single largest item in the category with a total estimated cost ranging between $7 to $11 billion over the life of the project. Utilities is the second largest category in the listing—the estimated $6.2 billion Muskrat Falls project is the largest project in this category. Industrial/Manufacturing is third in size, mainly reflecting the estimated US$2.8 billion nickel processing facility at Long Harbour. Public sector spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

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[6] Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

Artist's Rendition – Office/Retail/Parking Garage, Downtown St. John's (East Port Properties Limited)

The major project listing beginning on page 88 is also available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature that allows readers to help identify projects for future lists.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2011 refers to the project starting and ending in fiscal year 2011-12; start/end denoted as 2011/2012 refers to the project starting in fiscal year 2011-12 and ending in fiscal year 2012-13). All other years are reported on a calendar year basis.

TBD: To be determined
NA: Not available

Major Projects ($ Millions)	
Mining and Oil & Gas	15,907.6
Utilities	6,369.7
Industrial/Manufacturing	3,269.3
Transportation	1,354.4
Residential	1,009.9
Health Care/Personal Care	910.3
Municipal Infrastructure	751.9
Education	311.5
Tourism/Culture/Recreation	240.4
Other Investment	216.8
Commercial	145.9
Agriculture/Fishery/Forestry	104.1
Total	30,591.8

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

Inventory of Major Capital Projects

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Aquaculture Investment	13.0	2010/2011	9	Northern Harvest Sea Farms Newfoundland Ltd. - establishment of a salmon hatchery. Partial provincial/federal funding. (Near Stephenville)
Aquatic Veterinary Diagnostic Facility*	8.8	2009/2011	13	Construction of a facility to enable diagnostic testing of farmed fish. Provincial funds. (St. Alban's)
Cod Demonstration Farm*	7.5	2009/2012	13	Collaboration of private (Cooke Aquaculture) and public sector (federal/provincial) funds to commercialize cod aquaculture. (Connaigre Peninsula)
Foreign Animal Disease Laboratory*	3.9	2011/2013	19	Establishment of a foreign animal disease laboratory to help manage the risks of animal diseases that pose threats to the economy or human health. Provincial and federal funds. (St. John's)
Forest and Agriculture Access Roads*	6.4	2011/2011	Various	Construction of access roads on Crown land. Provincial funds. (Various)
Four-Site Salmon Aquaculture Operation	16.0	2009/2014	13	Gray Aqua Group Ltd. - establishment of a four-site salmon aquaculture operation. Provincial contribution includes a loan guarantee of $6.8 million under the Aquaculture Working Capital Loan Guarantee Initiative and an equity investment of $1 million under the Aquaculture Capital Equity Investment Program. Partial funding from ACOA. (Bay d'Espoir)
Harbour Development*	22.7	2011/2011	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of fishing harbour repairs, maintenance and development. Federal funds. (Various)
Salmon Aquaculture Operation	10.0 - 11.0	2010/2012	13	Northern Harvest Sea Farms Newfoundland Ltd. - expenditures in marine improvements to support salmon farming operations. Partial provincial/federal funding. (Connaigre Peninsula)
Wharves*	12.2	2009/2011	13	Construction of four wharves for the aquaculture industry. Two wharves completed with the final two to be constructed in 2011. Provincial funds. (Pool's Cove, Hermitage, Harbour Breton, Belleoram)
Wharves*	3.1	2011/2012	13	Repairs to and reconstruction of wharves acquired from Transport Canada. Federal funds. (St. Alban's, Milltown)
Commercial				
Building Renovation and Expansion	50.0	2010/2013	19	East Port Properties Limited - demolition of a former department store in downtown St. John's and construction of a new building that will include 163,000 sq. ft. in office and retail space as well as 446 parking spaces. (St. John's)
Business Park	4.2	2011/2011	19	Town of Conception Bay South - development of "Gateway at Conception Bay South", a 100 acre retail park located on Legion Road. (Conception Bay South)
Car Dealership	5.0	2010/2011	19	Howard Real Estate Company - construction of a BMW dealership on Kenmount Road. (St. John's)
Car Dealership	5.0	2010/2011	19	Howard Real Estate Company - construction of a new Subaru dealership to replace an existing one. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Car Dealership	5.0	2011/2011	19	Principal Holdings - construction of a new Penney Mazda dealership in front of the existing one. The new building will be used for sales and service departments. (St. John's)
Car Dealership	3.5	2011/2011	14	Hickman Motors Ltd. - construction of a new car dealership to replace an existing one. (Gander)
Commercial Building	1.7	2011/2011	19	Roley Construction Ltd./Newfoundland Energy Services Limited - construction of a 14,000 sq. ft. mixed development building located on the corner of Major's Path and Torbay Road. (St. John's)
Commercial Building	8.0	2010/2011	19	Plazacorp Retail Properties Ltd. - construction of a 50,000 sq. ft. retail store at the corner of Stavanger Drive and Torbay Road. (St. John's)
Commercial Building	3.5	2010/2011	19	Fort William Properties Limited - construction of a new two-storey Lawtons drug store and medical clinic. (St. John's)
Commercial Building	NA	2011/2012	19	Kent Building Supplies a subsidiary of J.D. Irving Limited - construction of a 50,000 sq. ft. home improvement store. (Conception Bay South)
Commercial Building Retrofit	10.0 - 12.0	2011/2012	19	Fortis Properties Corporation - retrofit of the existing Fortis Building located on Water Street. (St. John's)
Commercial Development	22.0	2011/2011	19	RONA Inc. - relocation of the Torbay Road store. Includes construction of a 70,000 sq. ft. building. (St. John's)
Commercial Development	NA	2010/2011	19	Pipers Department Stores Limited - renovation of an existing building to create a 21,500 sq. ft.(approximate) commercial building at the corner of New Cove Road and Elizabeth Avenue. There will be 3-6 tenants in addition to the Pipers store that will occupy 14,200 sq. ft. (St. John's)
Office Building	4.5	2010/2011	19	PHB Group Inc. - construction of a two-storey, 19,400 sq. ft. office building located at 99 Airport Road. (St. John's)
Office Building	2.2	2011/2011	19	Chimo Construction Management Limited - construction of a two-storey, 24,000 sq.ft. office building located at 40 Mews Place. (St. John's)
Office Buildings	8.0	2011/2012	19	Karamar Holdings Limited - construction of two four-storey office buildings to be located on Kelsey Drive. The buildings will total 80,000 sq. ft. (St. John's)
Restaurants	10.0	2011/2012	19	Harbour Walk Hospitality Group Inc. - construction of a two-storey, 16,000 sq. ft. building on the St. John's Waterfront. Will house two new restaurants. (St. John's)
Service Station	1.0	2011/2011	19	Costco Wholesale Canada Ltd. - construction of a gas bar at the Costco store located on Stavanger Drive. (St. John's)
Strip Mall	1.3	2011/2011	19	11446 Newfoundland and Labrador Inc. - construction of a 12,000 sq. ft., eight-unit strip mall on Torbay Road. (Torbay)
Education				
Academic Building Annex*	27.0	2009/2011	8	Construction of an annex at Memorial University's Grenfell campus. Expenditures for fiscal year 2011/12 are $12.5 million. Provincial/federal funds. (Corner Brook)
Building Expansion	6.8	2011/2013	19	Memorial University of Newfoundland - construction of a single storey extension to the S.J. Carew building. Extension will provide 9,041 sq.ft. of usable office space. (St. John's)
Campus Maintenance*	5.4	2011/2011	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings including laboratory upgrades. Provincial funds. (Corner Brook, St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
College Building*	22.2	2009/2011	2	Construction of a new College of the North Atlantic building. Planned expenditure of $4.6 million for the 2011/12 fiscal year. Provincial/federal funds. (Labrador City)
College Extension*	5.5	2010/2011	12	College of the North Atlantic - construction of an extension for trades training. Planned expenditures of $500,000 in the 2011/12 fiscal year. Provincial and federal funds. (Grand Falls-Windsor)
Ocean Research and Infrastructure*	16.3	2010/2013	19	Memorial University of Newfoundland - creation of facilities for the study of cold-water and deep-sea organisms and ecosystems at the Ocean Sciences Centre. The funding will be used for the construction of new buildings, laboratories, research facilities and equipment. $8.3 million in provincial funding and $6.5 million in federal funding. Planned expenditures of $6.7 million for the 2011/12 fiscal year. (Logy Bay-Middle Cove-Outer Cove)
Residences*	133.8	2008/2015	8, 19	Construction of new student residences at Memorial University's St. John's and Grenfell campuses. Projected maximum expenditures of $35 million for the 2011/12 fiscal year. Provincial funds. (Corner Brook, St. John's)
School Construction and Renovations*	94.5	2011/2011	Various	Various activities including new school construction, renovations, extensions, and major maintenance projects. Provincial funds. (Various)
Health Care/Personal Care				
Cancer Centre Expansion*	2.4	2009/2011	19	Expansion of the Dr. H. Bliss Murphy Cancer Centre for additional clinic and office space. Provincial funds. (St. John's)
Diagnostic Imaging Space*	29.8	2009/2014	19	Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's)
Emergency Department Redevelopment*	2.4	2009/2012	19	Redevelopment of the Emergency Department at St. Clare's Hospital. Provincial funds. (St. John's)
Faculty of Medicine Expansion*	19.9	2009/2013	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)
Forensic and Developmentally Delayed Units Renovations*	1.0	2010/2013	19	Renovations to the forensic and developmentally delayed units at the Waterford Hospital site. Provincial funds. (St. John's)
Health Care Facilities*	71.6	2011/2011	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $50 million for equipment purchases. Provincial funds. (Various)
Health Centre*	7.0	2007/2012	6	Construction of a new health centre to replace the existing Strait of Belle Isle Health Centre. Provincial funds. (Flower's Cove)
Health Centre*	90.0	2007/2013	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community based health services. Provincial funds. (Labrador City)
Health Centre*	1.7	2010/2011	16	Redevelopment of an existing facility to provide primary health care services to residents of the Burin Peninsula North area. Provincial funds. (Bay L'Argent)
Health Centre*	18.7	2011/2014	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Health Centre*	1.4	2011/2012	14	Construction of a new health centre to replace the existing Glovertown Health Centre. Provincial funds. (Glovertown)
Hospital*	TBD	2008/2016	8	Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. Provincial funds. (Corner Brook)
Hospital Redevelopment*	30.1	2009/2013	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital Redevelopment*	28.3	2006/2013	14	Renovations and redevelopment of the James Paton Memorial Hospital. Provincial funds. (Gander)
Long-Term Care Home*	150.0	2008/2013	19	Construction of a new long-term care home to replace the existing Hoyles Escasoni Complex. Provincial funds. (St. John's)
Long-Term Care Home*	29.9	2006/2012	14	Construction of new spaces for 63 residents and redevelopment of the existing long-term care home. Provincial funds. (Lewisporte)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2014	17	Construction of a new long-term care home and funding for the redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)
Mental Health Facility*	246.0	2011/2016	19	Construction of a new mental health facility to replace the existing Waterford Hospital. Provincial funds. (St. John's)
Parking Garage*	16.6	2009/2011	19	Construction of a new parking garage at the Health Sciences Complex. Provincial funds. (St. John's)
Protective Care Residence*	1.7	2010/2011	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Bonavista)
Protective Care Residence*	1.7	2011/2011	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Clarenville)
Redevelopment of Hospitals*	TBD	2008/2025	19	Renovations and redevelopment of hospitals in St. John's. Provincial funds. (St. John's)
Research Centre*	33.9	2009/2013	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. Funded two-thirds/one-third by the provincial government and the Canadian Foundation for Innovation. (St. John's)
Ronald McDonald House	6.5	2010/2011	19	Ronald McDonald House of Newfoundland and Labrador Inc. - the building will be specifically designed to provide a home environment for sick children, their siblings and their parents who live in other regions of the province. The structure will contain approximately 17,000 sq. ft. of living space and will consist of 14 units. Provincial contribution of $500,000. (St. John's)
Treatment Centre for Adults with Addictions*	1.5	2010/2011	17	New treatment centre for adults with addictions. Provincial funds. (Harbour Grace)
Treatment Centre for Children and Youth with Complex Mental Health Needs*	5.0	2009/2012	19	Construction of a new treatment centre for children and youth with complex mental health needs. Provincial funds. (Paradise)
Treatment Centre for Youth with Addictions*	5.0	2009/2012	12	Construction of a new treatment centre for youth with addictions. Provincial funds. (Grand Falls-Windsor)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Industrial/Manufacturing				
Capital Expenditures	3.5	2011/2011	19	Labatt Brewing Company Limited - capital expenditures including an upgrade in packaging equipment and work on quality control initiatives. (St. John's)
Capital Expenditures	130.0	2011/2011	15	North Atlantic Refining Ltd. - planned refinery turnaround and ongoing capital expenditures. (Come By Chance)
Crab Processing Facility	4.5	2010/2012	4	Labrador Fishermen's Union Shrimp Company Limited - new facility to replace older crab processing plant in community. (Mary's Harbour)
Debottlenecking Projects	300.0	2010/2013	15	North Atlantic Refining Ltd.- upgrade of existing refinery facility to remove process constraints and permit improved production and efficiency. Projected expenditures of $60 million for the 2011 year. (Come By Chance)
Nickel Processing Facility	2,821.0 (US$)	2009/2013	18	Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. Capital expenditures of US$817 million expected in 2011. (Long Harbour)
Paper Mill Expenditures	3.8	2011/2011	8	Corner Brook Pulp and Paper Limited - routine capital and forest access road expenditures. (Corner Brook)
Shellfish By-product Processing Technology	6.5	2010/2012	17	Quinlan Brothers Limited - establishment of a shellfish by-product processing program that takes the waste shell from crab and shrimp and converts it into chitin-chitosan. $2.4 million in ACOA funding. (Old Perlican)
Mining and Oil & Gas				
Capital Expenditures	4.8	2011/2011	12	Teck Duck Pond Operations - planned expenditures to sustain mining and milling operation. (Millertown - Buchans Area)
Direct-Shipping Iron Ore Mine	75.0	2011/2013	2	Labrador Iron Mines Holdings Limited - development of an open pit iron ore mining project. Production expected to start by mid-2011 with full project ramp-up by 2013. (Northwestern Labrador)
Direct-Shipping Iron Ore Project	335.0	2011/2012	2	Tata Steel Minerals Canada Ltd. - reopening of former iron ore mines including the construction of a processing plant, rail and camp facilities, and a power plant. Approximately 75% of the project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. (Elross Lake Area)
Facility Upgrade and Improvements	110.0-115.0	2010/2012	2	Cliffs Natural Resources Inc. - investment to improve the operation of Wabush Mines. $30-$35 million to replace existing equipment and to acquire new equipment; $20 million to improve reliability of equipment in the concentrator; and up to $30 million for environmental projects. Figure also reflects $30 million for full implementation of a manganese project. (Wabush)
Hebron Oil Development	7,000.0-11,000.0	2008/2042	NA	ExxonMobil and proponents - development of the Hebron oil field. The Hebron project, located approximately 350 kilometres offshore, is a joint venture among ExxonMobil Canada, Chevron Canada, Suncor, Statoil Canada, and Nalcor Energy - Oil and Gas. The Hebron field is estimated to contain 581 million barrels of recoverable reserves. Construction of the Gravity Based Structure is expected to start in 2012 and production of oil is expected to begin in 2017. Expenditures cover all capital costs over the life of the project. (Offshore Newfoundland)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hibernia Southern Extension Unit	1,700.0	2009/2013	NA	ExxonMobil and partners - development to enable the production of oil from the Hibernia Southern Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (Offshore Newfoundland)
Mine Expansion (Phase I & II)	828.0	2010/2012	2	Iron Ore Company of Canada - expansion project (Phase I and II) to increase mine production from 18 million tonnes to 23.2 million tonnes of concentrate. (Labrador City)
Mine Reactivation	31.0	2010/2015	11	Rambler Metals and Mining Canada Ltd. - reactivation of the former Ming copper-gold mine. Production expected to begin in late 2011. Includes ongoing expenditures for the development of the underground mine. (Baie Verte Peninsula)
Mineral Exploration	127.0	2011/2011	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $92 million in Labrador and $35 million for the Island. (Various)
Oil Related Capital Expenditures	270.0	2011/2011	NA	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore Newfoundland)
Onshore Oil Exploration	8.0	2011/2011	9	Vulcan Minerals Inc. and Investcan Energy Corporation - joint venture to test gas wells and drill in the Bay St. George Basin. (Bay St. George Basin)
White Rose Expansion	3,500.0	2008/NA	NA	Husky Energy Inc. - development of three White Rose satellite fields. The first field, North Amethyst, commenced production in May 2010. Planned expenditures of $400 million in 2011. 2011 activities will focus on continued development drilling at North Amethyst and drilling of two pilot wells at West White Rose. Husky Energy has a 68.875% share in the expansion project, Suncor has a 26.125% share and Nalcor Energy - Oil and Gas has an equity ownership of 5%. (Offshore Newfoundland)
Municipal Infrastructure				
Building Canada Fund - Communities and Base Component*	197.2	2009/2015	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for Recreation Complex in Mount Pearl. (Various)
Building Canada Fund - Top-up and Stimulus Components*	122.1	2009/2011	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for Fire Hall in Gander. (Various)
Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund (MRIF)*	95.9	2006/2013	Various	Investment in municipal and rural infrastructure projects. These projects will focus on the renewal, expansion and construction of new community infrastructure. Federal/provincial/municipal cost-shared program. Total cost excludes funding for YMCA building in St. John's. (Various)
Federal Gas Tax Program*	206.9	2006/2014	Various	Funding agreement allocating municipalities' revenues from gas taxes. These funds are to be invested in capital projects that result in environmentally sustainable municipal infrastructure. This program also supports the Provincial Solid Waste Management Strategy. Federal funds. (Various)
Flood Prevention Upgrade	3.9	2007/2011	19	Construction of a structure to prevent flooding in the Quidi Vidi Lake area. Federal, provincial, and municipal funds. (St. John's)
Municipal Capital Works Program*	76.1	2011/2011	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project, however, the province's total cost is estimated at $63.1 million and municipalities are expected to contribute $13.0 million. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	49.8	2009/2012	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Cost-shared equally by three levels of government - federal, provincial and municipal. (Corner Brook, Happy Valley-Goose Bay)
Residential				
Apartment Renovations	2.5	2011/2011	14, 19	Northern Property Real Estate Investment Trust - capital improvements and upgrades on various apartment buildings. (Gander, St. John's)
Community Development	NA	2010/2015	19	Canada Lands Company - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single family dwellings, townhomes, apartments, and condominiums. Opportunities for some commercial space are also being considered. In total, approximately 960 dwelling units are planned. Activities in 2011 include initial infrastructure development (i.e. water, sewer and electricity). (St. John's)
Condominium Development	10.0	2010/2012	19	Powder House Hill Investments Limited - construction of six four-storey condominium buildings each containing eight units, located on the former Standard Manufacturing site at 2-18 Water Street. 24 units to be constructed in 2011. (St. John's)
Condominium Development	14.0	2008/2013	8	Bayview Estates Inc. - construction of a 50 unit development called "Bayview Condominiums". 12 units completed. 16 units to be constructed in 2011. (Corner Brook)
Condominuim Development	17.0	2010/2012	19	Belvedere Development Corporation - construction of a 44 unit condominium building with a 47 lot parking garage. To be located on Margaret's Place. (St. John's)
Housing Development	250.0	2000/2015	19	Cabot Development Corporation Ltd. - construction of a housing development that will consist of 900 homes, named "Clovelly Trails". There are 200 homes remaining with projected expenditures of $80.0 million. (St. John's)
Modernization & Improvements*	10.8	2011/2011	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Property Development	20.0	2011/2013	19	Powder House Hill Investments Limited - construction of a two-phased mixed development located on Duckworth Street. The first phase involves a parking garage for about 360 vehicles, the second, 50 residential condominium units built in a five-storey structure. (St. John's)
Provincial Home Repair Program*	12.9	2011/2011	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low income households with home repairs. Federal/provincial funds. (Various)
Residential Development	4.0	2010/2011	19	Reardon Construction & Development Ltd. - development of three executive townhouses and a 12 unit condominium building located on Freshwater Road. (St. John's)
Residential Development	1.2	2011/2012	1	Newfoundland and Labrador Housing Corporation - construction of four new low-income houses. (Hopedale)
Residential Development	20.0	2009/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Ashlin Ridge" subdivision. This phase will consist of 50 houses with 30 to be constructed in 2011 and 20 more to be constructed in 2012. (St. John's)
Residential Development	NA	2010/2011	14	McCurdy Enterprises Ltd. - development of Phase XI of the "Spruce Court" subdivision. There are 160 lots planned to be constructed in 2011. (Gander)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Residential Development	26.0	2011/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Southridge" subdivision. The subdivision will consist of 88 homes with 30 to be constructed in 2011. (St. John's)
Residential Development	4.0	2011/2011	2	Colby Management Inc. - conversion of former bunkhouses into 22 townhouse units. (Wabush)
Residential Development	1.8	2011/2011	19	Karwood Contracting Limited - construction of 5 houses with apartments at the corner of Kestrel Drive and Cormorant Place. (Paradise)
Residential Development	8.0-10.0	2007/2011	19	Southcott Homes Limited - construction of a residential development on the former General Hospital site on Forest Road. Plans call for 8 townhouse-style condominiums, 5 single family detached homes, and 25 townhouses. (St. John's)
Residential Development	50.0	2010/2016	19	ERCO Developments Inc. & New Victorian Homes Inc. - development of the "Grand Meadows" subdivision. Subdivision will consist of 200 houses with 30 already completed and another 30 to be constructed in 2011. (Paradise)
Seniors' Condominium Development	7.0	2010/2011	19	KARA Investments Ltd. - construction of a seniors' condominium located off Park Avenue. The development will consist of 10 buildings with a total of 45 units. 13 units are completed. The remaining will be completed this year. (Mount Pearl)
Seniors' Residential Complex	150.0	2010/2015	19	55731 Newfoundland & Labrador Inc. - development of Stage 2 - Tiffany Village Seniors' Residential Complex. Will consist of the redevelopment of the existing former Salvation Army training college for amenities and services associated with the complex. Also includes construction of four ten-storey residential buildings containing approximately 240 living units in total. (St. John's)
Seniors' Residential Complex	1.2	2010/2011	14	Central Seniors Development Ltd. - construction of a 13 unit seniors apartment building. (Gambo)
Subdivision Development	15.0-16.0	2011/2011	19	Karwood Estates Inc. - 38 houses to be constructed in Karwood Estates near Neil's Pond Walking Trail. (Paradise)
Subdivision Development	40.0	2006/2011	19	Reardon Construction & Development Ltd. - construction of 176 homes as part of the "River Bend" housing development. There are 30 homes left to be constructed in 2011 with a capital expenditure of $9 million. (St. John's)
Subdivision Development	12.0	2011/2012	19	J & P Contracting Inc. - development of a subdivision located off Waterford Bridge Road consisting of 16 single homes. (St. John's)
Subdivision Development	200.0	2004/2014	19	Complete Paving Limited - development of "Kenmount Terrace" subdivision. Construction of 800 homes. Phases 1 through 7 have been completed. Phase 9A and Phase 9B are planned for 2011 with a total of 130 homes to be constructed. (St. John's)
Subdivision Development	55.0	2008/2013	19	Ellsworth Estates Inc. - development of "Thomas Estates" subdivision. 200 homes will be constructed for this subdivision. Currently in Phase III, with construction of 40 homes expected in 2011. (Paradise)
Subdivision Development	44.0	2007/2014	19	William Doyle and Associates Limited - development of a subdivision that will consist of 200 single homes, named "City View Terrace". 60 houses completed. (St. John's)
Subdivision Development	7.5	2011/2012	19	Deer Park Contracting Ltd. - construction of 10 luxury homes. To be located on Halliday Place off Elizabeth Avenue. Capital cost estimate by Department of Finance. (St. John's)
Subdivision Development	6.5	2010/2011	8	52453 Newfoundland and Labrador Limited - construction of Phase II of "Pratt Street Extension" subdivision. This phase will consist of the development and construction of 24 units. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	6.5	2010/2011	8	52453 Newfoundland and Labrador Limited - construction of Phase II of "Pratt Street Extension" subdivision. This phase will consist of the development and construction of 24 units. (Corner Brook)
Subdivision Development	15.0	2010/2012	19	Donovan Homes Limited - construction of a 63 lot subdivision located on Mount Carson Avenue. Capital costs include $5 million in land development that is almost complete. The remaining $10 million will be for the construction of the houses. (Mount Pearl)
Subdivision Site Development	3.0	2010/2012	14	Wareham Developments Ltd. - underground infrastructure and land development for a 60 lot residential subdivision called "Phase 18 North East Land Development". (Gander)
Tourism/Culture/Recreation				
Building Restoration*	22.3	2009/2014	19	The Colonial Building and grounds are to be restored for use as an interpretation centre, featuring the political history of Newfoundland and Labrador and as office space for government staff and provincial heritage organizations. Project is now in Phase II and will address the interior structural building systems. Projected expenditure of $4.8 million for the 2011/12 fiscal year. Federal/provincial cost-shared (federal funding pending). (St. John's)
Curling Facility	2.5	2010/2011	8	City of Corner Brook - construction of a new curling facility with four sheets of ice, a lounge and kitchen. (Corner Brook)
Facility Upgrade	2.2	2010/2011	8	City of Corner Brook - Pepsi Centre roof replacement. (Corner Brook)
Historic Premises Restoration	3.6	2009/2011	15	Sir William Ford Coaker Heritage Foundation Inc. - restoration of a former retail store and salt fish plant. Canada's Original Iceberg Water Corporation will donate $300,000 to the project. Includes $1.7 million contribution from ACOA, $250,000 from the Labour Market Development Agreement, as well as some provincial funding. (Port Union)
Hotel	32.0	2011/2013	19	Southwest Properties Ltd. - construction of a 150 room hotel and two level parking garage located at 123 Water Street. (St. John's)
Hotel	10.5	2008/2011	8	Pacrim Hospitality Services Inc. - construction of an 88 room hotel adjacent to the Trans Canada Highway. Will include meeting rooms, an indoor pool and a water slide. (Deer Lake)
Hotel Expansion	1.0	2010/2011	3	Hotel North - expansion of an existing hotel. (Happy Valley-Goose Bay)
Hotel Renovation	10.0	2009/2011	19	Fortis Properties Corporation – renovations to the Sheraton Hotel Newfoundland. The renovated hotel will consist of 301 guest rooms and a 16,000 sq. ft. conference space. (St. John's)
Recreation Complex	45.0	2009/2013	19	City of Mount Pearl - the complex will be constructed in two phases. Construction of a national standard ice pad adjoining the Glacier Arena is scheduled to be completed by March 2011. Expansion to the existing Reid Community Centre including a multi-use 350 seat theatre; development of a fitness/wellness space; construction of a new aquatics/leisure pool; and construction of a new youth centre are scheduled to be completed by Fall 2013. Municipal funding of $35.6 million with the remainder cost-shared between the provincial and federal governments. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Recreational Infrastructure Expenditures*	22.2	2009/2011	Various	A federal program to build and renew community recreational facilities across the country. This program is known as Recreational Infrastructure Canada and has an overall federal funding allocation of $500 million for all projects across the country. Federal/provincial/municipal cost-shared program. (Various)
Resort Development	40.0-50.0	2000/2015	7	Eastern Arm Enterprises Limited - development of "Gros Morne Resort". Will include a 100 room hotel, 110 site RV park, marina, day park, hiking trails, 27 hole golf course, gas station, convenience store and more. (St. Paul's)
Resort Renovation and Expansion	10.0	2009/2013	15	Terra Nova Resort & Golf Community - conversion of existing Terra Nova Resort hotel rooms into suites and the construction of several condominiums, a recreation centre and indoor pool. (Port Blandford)
Tourism Development	2.7	2010/2011	19	City of St. John's - redevelopment of Quidi Vidi village as an arts and tourism centre. Project includes construction of a bridge from the site to the East Coast Trail. It will also provide space to promote arts and crafts. Federal and municipal funds. (St. John's)
Tourism Infrastructure	16.0	2009/2012	14	Shorefast Foundation - includes a world renowned artist residency program (including remote studio locations and restored traditional homes to be used as artist residences) and a five-star inn that features a conference centre, an art gallery and heritage library. There will also be performance spaces and festivals for all cultural events. Funding includes $5 million each from both federal and provincial governments. (Fogo Island, Change Islands)
Y Building	15.4	2009/2011	19	YMCA-YWCA of Northeast Avalon - construction of the Ches Penney Family Y building. Contributions include $1.5 million from the City of St. John's and $3.0 million in federal/provincial funding. (St. John's)
Transportation				
Aircraft Upgrade*	116.9	2009/2012	Various	Purchase of four new water bomber aircraft. The new model is faster, holds more water, and is more environmentally friendly than the previous. Two already purchased. One more to be purchased in 2011 and the final unit to be purchased in 2012. Provincial funds. (Various)
Airport Improvements	10.0	2011/NA	14	Gander International Airport Authority - recapping existing 10,500 foot runway. (Gander)
Airport Improvements and Expansion	167.2	2011/2020	19	St. John's International Airport Authority - plan includes expansion of terminal building, new access road, expanded vehicle parking, passenger loading facilities, additional apron space, new cargo building, and airfield upgrades. The extension to the east end of the terminal building (Phase I) is scheduled to start toward the end of 2011 with completion by 2016. The extension to the west end of the building (Phase II) is expected to occur over the 2016 to 2018 period. Also includes installation of a Category III Instrument Landing System on the airport's principal runway and a number of associated infrastructure improvements required to support the technology. Total cost of the landing system project is $25.8 million of which the federal and provincial governments will contribute $8.6 million each. (St. John's)
Bridge Replacement*	26.0	2011/2013	18	Replacement of the Sir Ambrose Shea Lift Bridge. Projected expenditure of $15.5 million for the 2011/2012 fiscal year. Federal and provincial funds. (Placentia)
Bus Terminal	34.2	2010/2012	19	City of St. John's - construction of a new Metrobus terminal. Federal/municipal funds. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Conception Bay South Bypass Extension*	17.4	2010/2012	19	Construction of bypass road extension. Funded between the federal and provincial governments. Projected expenditure for 2011/12 fiscal year is $6.4 million. (Conception Bay South)
Ferry Service Improvements*	392.0	2010/2014	10, 18	Marine Atlantic Inc. - funding allocated to renew fleet and shore facilities and improve the ferry service linking the Island of Newfoundland and Nova Scotia. Funds include a new terminal in North Sydney, Nova Scotia. Federal funds. (Channel-Port aux Basques, Argentia)
Highway Diversion*	9.8	2010/2011	5	Construction of a diversion at the Pinware River on Route 510, Trans Labrador Highway South. Projected expenditure of $6.2 million for the 2011/12 fiscal year. Federal and provincial funds. (Pinware River)
Highway Extension*	45.0	2010/2013	19	Construction of the Team Gushue Highway Extension. Projected expenditure of $15 million for the 2011/12 fiscal year. Federal/ provincial cost-shared on a 50/50 basis. (St. John's)
Marine Infrastructure*	5.0	2011/2011	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
National Highway Systems Projects*	90.4	2010/2012	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under Core National Highway component of the Building Canada Fund. Projected expenditures of $36 million for the 2011/12 fiscal year. Federal/provincial cost-shared on a 50/50 basis. (Various)
Overpass*	5.7	2011/2011	19	Replacement of Kenmount Road overpass at Topsail Road. The new overpass will have four lanes instead of the original two. This project will also widen Topsail Road to six lanes under the overpass. Federal/provincial cost-shared. (Paradise)
Provincial Roads Improvement Program*	80.4	2011/2011	Various	Includes secondary road improvement projects in various parts of the province. Includes expenditures related to Hurricane Igor recovery and restoration. Provincial funds. (Various)
Railway Underpass	11.0	2010/2011	2	Consolidated Thompson Iron Mines Ltd. - construction of an underpass for the railway between Wabush and Labrador City. Project to alleviate traffic when extra ore cars are on the railway. (Labrador West)
Salt Storage Sheds*	2.4	2011/2011	Various	Construction of road salt storage sheds. Provincial funds. (Various)
Terminal Renovations and Expansion	13.0	2010/2011	3	Goose Bay Airport Corporation - expansion and upgrade of airport terminal. Project will increase size of facility to 2,531 sq.ft. (Happy Valley-Goose Bay)
Torbay Bypass Road*	24.8	2009/2011	19	Construction of the Torbay Bypass Road. Projected expenditures of $3.2 million for the 2011/12 fiscal year. Federal/provincial cost-shared. (Torbay)
Trans Labrador Highway Phase I Surfacing*	249.7	2007/2013	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Expenditures for 2011/12 are $71.7 million. Funding for this project is split between federal and provincial governments. Capital cost is an estimate. (Various)
Vessel Refits*	12.1	2011/2011	Various	Includes refits of the existing fleet of 10 government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	39.3	2011/2011	Various	2011/12 cash flow for vessel replacement program. Provincial funds. (Various)
Weigh Scales Facility*	2.1	2010/2011	2	Establishment of a weigh scales facility along the Trans Labrador Highway. This project and associated capital cost excludes construction of the building. Projected expenditure of $2.0 million for the 2011/12 fiscal year. Provincial funds. (Trans Labrador Highway)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Utilities				
Electric Utility Capital Expenditures	31.7	2011/2011	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	73.0	2011/2011	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Electric Utility Capital Program	55.0	2011/2011	Various	Newfoundland and Labrador Hydro - capital programs that include upgrades and improvements to transmission lines, distribution systems, generating facilities and electricity grid components. (Various)
Lower Churchill Development - Phase I (Muskrat Falls)	6,200.0	2011/2017	Various	Nalcor Energy/Emera Inc. - development of Phase I of the Lower Churchill hydroelectric development. Consists of development of Muskrat Falls portion of project that entails: construction of Muskrat Falls Generating Station with capacity of 824 megawatts; construction of two HVdc transmission lines from the Muskrat Falls generating station; construction of a Labrador-Island transmission link; and construction of a Maritime transmission link from the Island of Newfoundland to Nova Scotia. Emera Inc. will contribute 20% of overall costs. (Various)
Wind-Hydrogen-Diesel Energy Project	10.0	2007/2011	9	Newfoundland and Labrador Hydro - integration of wind, hydrogen and diesel generation in the remote island community of Ramea. Includes partial funding through ACOA and provincial government. (Ramea)
Other Investment				
Building Redevelopment*	50.0	2008/2015	19	Royal Newfoundland Constabulary - redevelopment of RNC Headquarters at Fort Townsend. The work will include upgrades to the headquarters building and the annex. The gymnasium will be converted into four floors of office space, the headquarter entrance and foyer will be expanded, and the underground link between the annex and main building will be completed. Projected expenditure for the 2011/12 fiscal year is $16.9 million. Provincial funds. (St. John's)
Capital Program*	3.5	2011/2011	Various	Royal Canadian Mounted Police - includes completion of new detachment building in Springdale, major renovations to detachment building in St. Anthony, new employee housing unit in North West River, as well as mid-life retrofits and minor capital investments. (Various)
Flight Headquarters	7.0	2011/NA	14	Department of National Defence - construction of a 1,358 square metre purpose-built facility to replace the existing building that houses a reserve heavy construction unit (91 Chief Engineering Flight). (Gander)
Multi-Purpose Facility	117.5	2010/2013	19	Government of Canada - construction of a new facility to replace current military units in Pleasantville. Facility will be comprised of operational training space, offices and classrooms, special medical and dental facilities, warehouse and vehicle maintenance space. Federal funds. (St. John's)
Public Buildings*	38.8	2011/2011	Various	Maintenance and development of public buildings. Provincial funds. (Various)

GDP and Employment

	Gross Domestic Product		Employment	
	$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	11,176.6	47.9	44.7	20.4%
Agriculture	62.7	0.3	1.7	0.8%
Forestry & Logging	105.1	0.4	0.9	0.4%
Fishing, Hunting & Trapping	155.0	0.7	5.3	2.4%
Mining	1,565.7	6.7	3.8	1.7%
Oil Extraction and Support Activities*	6,415.5	27.5	5.8	2.6%
Manufacturing	985.0	4.2	9.8	4.5%
Fish Products	185.0	0.8	5.3	2.4%
Other Manufacturing	800.0	3.4	4.5	2.1%
Construction	1,226.3	5.3	15.4	7.0%
Utilities	661.3	2.8	1.9	0.9%
Services-Producing Sector	12,142.4	52.1	174.6	79.6%
Wholesale Trade	643.6	2.8	5.5	2.5%
Retail Trade	1,199.9	5.1	31.9	14.5%
Transportation and Warehousing	698.3	3.0	11.8	5.4%
Finance, Insurance, Real Estate & Business Support	2,896.0	12.4	13.2	6.0%
Professional, Scientific & Technical Services	605.7	2.6	7.1	3.2%
Educational Services	1,239.3	5.3	17.1	7.8%
Health Care & Social Assistance	1,770.9	7.6	36.6	16.7%
Information, Culture & Recreation	624.3	2.7	7.8	3.6%
Accommodation & Food	386.1	1.7	13.9	6.3%
Public Administration	1,654.6	7.1	18.6	8.5%
Other Services	423.7	1.8	11.2	5.1%
Total, All Industries	23,319.0	100.0%	219.4	100.0%

e: estimate, Department of Finance

*Includes support activities for mining and oil and gas

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance

www.gov.nl.ca/budget2011